



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 946 680 591  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: ORLEN UPSTREAM NORWAY 2 AS  
Forretningsadresse: Kongsgårdbakken 1  
4005 STAVANGER

### Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kirsti Hovland  
Dato for fastsettelse av årsregnskapet: 14.03.2024

### Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert  
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

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

Brønnøysundregistrene, 16.05.2024



## Resultatregnskap

Beløp i: USD	Note	2023	2022
<strong>RESULTATREGNSKAP</strong>			
<strong>Inntekter</strong>			
Salgsinntekt	3	546 345 000	1 525 235 000
Annen driftsinntekt	3	-10 455 000	2 700 000
<strong>Sum inntekter</strong>		<strong>535 890 000</strong>	<strong>1 527 935 000</strong>
<strong>Kostnader</strong>			
Lønnskostnad	8	7 228 000	11 372 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	131 312 000	164 823 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		290 000	-347 000
Annen driftskostnad	4,8,9,1 0	163 849 000	209 247 000
<strong>Sum kostnader</strong>		<strong>302 679 000</strong>	<strong>385 095 000</strong>
<strong>Driftsresultat</strong>		<strong>233 211 000</strong>	<strong>1 142 840 000</strong>
<strong>Finansinntekter og finanskostnader</strong>			
Renteinntekt fra foretak i samme konsern	15	15 914 000	6 297 000
Annen finansinntekt		493 000	
<strong>Sum finansinntekter</strong>		<strong>16 407 000</strong>	<strong>6 297 000</strong>
Annen rentekostnad	17	6 371 000	4 347 000
Annen finanskostnad			18 482 000
<strong>Sum finanskostnader</strong>		<strong>6 371 000</strong>	<strong>22 829 000</strong>
<strong>Netto finans</strong>		<strong>10 036 000</strong>	<strong>-16 532 000</strong>
<strong>Ordinært resultat før skattekostnad</strong>		<strong>243 247 000</strong>	<strong>1 126 308 000</strong>
Skattekostnad på ordinært resultat	11	174 252 000	854 446 000
<strong>Ordinært resultat etter skattekostnad</strong>		<strong>68 995 000</strong>	<strong>271 862 000</strong>
Styrehonorar		-11 000	-12 000
<strong>Årsresultat</strong>		<strong>68 984 000</strong>	<strong>271 850 000</strong>
<strong>Overføringer og disponeringer</strong>			
Ordinært utbytte			30 000 000



## Resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Tilleggsutbytte			281 500 000
Overføringer til/fra annen egenkapital		68 984 000	-39 650 000
<b>Sum overføringer og disponeringer</b>		<b>68 984 000</b>	<b>271 850 000</b>



## Balanse

Beløp i: USD	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Skip, rigger, fly og lignende	5	435 441 000	470 298 000
<b>Sum varige driftsmidler</b>		<b>435 441 000</b>	<b>470 298 000</b>
<b>Finansielle anleggsmidler</b>			
Lån til foretak i samme konsern	15		309 187 000
Andre fordringer	13	1 909 000	5 539 000
<b>Sum finansielle anleggsmidler</b>		<b>1 909 000</b>	<b>314 726 000</b>
<b>Sum anleggsmidler</b>		<b>437 350 000</b>	<b>785 024 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	14	9 249 000	9 219 000
<b>Sum varer</b>		<b>9 249 000</b>	<b>9 219 000</b>
<b>Fordringer</b>			
Kundefordringer	13	52 458 000	117 798 000
Andre fordringer	13	11 177 000	49 491 000
<b>Sum fordringer</b>		<b>63 635 000</b>	<b>167 289 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	12	214 043 000	19 875 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>214 043 000</b>	<b>19 875 000</b>
<b>Sum omløpsmidler</b>		<b>286 927 000</b>	<b>196 383 000</b>
<b>SUM EIENDELER</b>		<b>724 277 000</b>	<b>981 407 000</b>

## BALANSE - EGENKAPITAL OG GJELD



## Balanse

Beløp i: USD	Note	2023	2022
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		10 695 000	10 695 000
Overkurs		235 654 000	166 670 000
<b>Sum innskutt egenkapital</b>		<b>246 349 000</b>	<b>177 365 000</b>
<b>Sum egenkapital</b>		<b>246 349 000</b>	<b>177 365 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser		201 000	301 000
Utsatt skatt		138 093 000	163 224 000
Andre avsetninger for forpliktelser		209 427 000	185 021 000
<b>Sum avsetninger for forpliktelser</b>		<b>347 721 000</b>	<b>348 546 000</b>
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>347 721 000</b>	<b>348 546 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	16	1 229 000	2 181 000
Betalbar skatt	11	92 490 000	362 651 000
Kortsiktig konserngjeld	15	1 468 000	32 187 000
Annen kortsiktig gjeld	16,17	35 020 000	58 477 000
<b>Sum kortsiktig gjeld</b>		<b>130 207 000</b>	<b>455 496 000</b>
<b>Sum gjeld</b>		<b>477 928 000</b>	<b>804 042 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>724 277 000</b>	<b>981 407 000</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer: 2024 367017

#### Enheten

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Organisasjonsform: Aksjeselskap  
Foretaksnavn: ORLEN UPSTREAM NORWAY 2 AS  
Forretningsadresse: Kongsgårdbakken 1  
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årsregnskapet til selskapet: Forenklet IFRS

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Brønnøysundregistrene, 14.05.2024



Organisasjonsnr: 946 680 591  
ORLEN UPSTREAM NORWAY 2 AS

## RESULTATREGNSKAP

Beløp i: USD	Note	2023	2022
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	3	546 345 000	1 525 235 000
Annen driftsinntekt	3	-10 455 000	2 700 000
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Annen driftskostnad	4, 8, 9, 10	163 849 000	209 247 000
<b>Sum kostnader</b>		<b>302 679 000</b>	<b>385 095 000</b>
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<b>Årsresultat</b>		<b>68 984 000</b>	<b>271 850 000</b>
<b>Overføringer og disponeringer</b>			
Ordinært utbytte			30 000 000
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Organisasjonsnr: 946 680 591  
ORLEN UPSTREAM NORWAY 2 AS

## BALANSE

Beløp i: USD	Note	2023	2022
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Organisasjonsnr: 946 680 591  
ORLEN UPSTREAM NORWAY 2 AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note  
2

#### Regnskapsprinsipper

Det vises til note 2 for regnskapsprinsipper. Vedrørende fortsatt drift, refereres det til styrets årsberetning (seksjon 8): "In accordance with the Norwegian Accounting Act, the Company's Board of Directors has reviewed the going concern assumption, considering all relevant information available to date. As mentioned, the Company is expected to be consolidated with PGNiG Upstream during 2024. The considerations have thus been done for the two companies combined. Companies' accounts are issued and all available information about the future are considered for at least 12 months from the reporting date. The review included the operational outlook and work programs, while maintaining appropriate headroom in respect of liquidity and financial covenant compliance throughout the assessment period. Following its review, the Board of Directors confirms, pursuant to the Norwegian Accounting Act section 3- 3a, that the requirements of the going concern assumption are met, and that these financial statements have been prepared on that basis."

Note  
10

Antall årsverk i regnskapsåret  
19.00

Note  
10

#### Spesifisering av resultatregnskapet

##### Lønnskostnader

Lønn	Årets	Fjorårets
	5350000.00	9189000.00
Folketrygdavgift	Årets	Fjorårets
	1092000.00	1445000.00
Pensjonskostnader	Årets	Fjorårets
	605000.00	331000.00
Andre ytelser	Årets	Fjorårets
	181000.00	406000.00
Sum lønnskostnader	Årets	Fjorårets
	7228000.00	11372000.00



## Note

### Ekstraordinære inntekter og kostnader

<u>Sum</u>	<u>Beløp</u>
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## Note

5

### Varige driftsmidler og immaterielle eiendeler

<u>Anskaffelseskost 01.01.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	1201225000.00	0.00
<u>Tilgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	96130000.00	9928000.00
<u>Avgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
		9312000.00
<u>Anskaffelseskost 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	1297355000.00	616000.00
<u>Samlede av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	862530000.00	0.00
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	434824000.00	616000.00
<u>Årets av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	131603000.00	0.00
<u>Økonomisk levetid</u>		<u>Immaterielle eiend.</u>
		letebrønn som overføres varige driftsmidler ved funn, eller nedskrives
<u>Avskrivningsplan</u>		<u>Immaterielle eiendeler</u>
		se ovenfor

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler

### Konsernregnskap

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

Morselskapet sitt navn



Kuwait Foreign Petroelum Exploration Company kscc (via KUFPEC UK Limited)

**Forretningskontor for morselskapet**

Shuwaikh Area 4, Street 102, Buidling No. 9, Kuwait City, Kuwait

**Begrunnelse for at datterselskap er utelatt fra konsolideringen**

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

**Fordringer**

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
		309187000.00

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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**Kortsiktig gjeld**

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	1468000.00	32187000.00

<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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**Note**

13

**Fordringer**

**Fordringer som forfaller senere enn ett år etter regnskapsårets slutt**

**Mer om fordringer**

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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**Skattedirektoratet**

Saksbehandler Torstein Kinden Helleland	Deres dato 28.04.2014	Vår dato 06.05.2014
Telefon 22078139	Deres referanse 008-14	Vår referanse 2014/317529

KUFPEC NORWAY AS  
Postboks 207  
4001 STAVANGER

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for KUFPEC Norway AS, org. nr. 946 680 591**

Det vises til deres brev av 28. april 2014 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for KUFPEC Norway AS.

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

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

**Bakgrunn**

KUFPEC Norway AS er et heltid datterselskap av KUFPEC UK Ltd som igjen er 100 % eid av Kuwait Foreign Petroleum Exploration Company. Majoriteten av styrets medlemmer behersker ikke norsk. Selskapet driver virksomhet innen oljesektoren. Arbeidsspråket er engelsk både i selskapet og i konsernet forøvrig. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

**Skattedirektoratets vurdering**

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

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

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan*

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

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

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



*foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

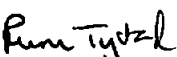
Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

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

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er et datterselskap til et utenlandsk selskap og inngår i et internasjonalt konsern. Eierkretsen er begrenset. Arbeidsspråket er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

  
Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

  
Torstein Kinden Helleland



To the General Meeting of Orlen Upstream Norway 2 AS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of Orlen Upstream Norway 2 AS (the Company), which comprise the statement of financial position as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 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.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by 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.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. 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.

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

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

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

Our opinion on the Board of Director's report applies correspondingly to the report on payments to governments.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger  
T: 02316, org. no.: 987 009 713 MVA, [www.pwc.no](http://www.pwc.no)  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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. For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Stavanger, 14 March 2024  
**PricewaterhouseCoopers AS**

Arne Birkeland  
State Authorised Public Accountant  
(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Birkeland, Arne	BANKID	2024-03-22 12:16

**This document package contains:**

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- The original document(s)
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The seal is a guarantee for the authenticity  
of the document.



**ORLEN**  
UPSTREAM  
NORWAY 2

**ORLEN UPSTREAM NORWAY 2 AS**

(Previously KUFPEC Norway AS)

(Org. no.: 946 680 591)

**Directors' Report &  
Financial Statements with Notes**

**31<sup>st</sup> December 2023**



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## Content:

	Page:
Directors' Report	3
Income Statement	9
Statement of Financial Position	10
Cash Flow Statement	12
Changes in Equity	13
Notes to the Accounts	14
Reporting on Payments to Governments	41



## DIRECTORS' REPORT 2023 ORLEN UPSTREAM NORWAY 2 AS

KUFPEC Norway AS ("KNAS") has been a subsidiary of KUFPEC UK Limited since 2013. The objective of the Company is to explore, develop and produce oil and gas, and the business is run from offices in Kongsgaardbakken 1, Stavanger. On 5<sup>th</sup> of January 2024 a divestment process completed where all the shares in KNAS were transferred to PGNiG Upstream Norway AS ("PGNiG Upstream"). PGNiG Upstream is a subsidiary of ORLEN S.A., a Polish registered company. KNAS was rebranded as ORLEN UPSTREAM NORWAY 2 AS ("ORLEN Upstream"/ "the Company"). ORLEN Upstream's assets and activities will be consolidated, and the organisation integrated with PGNiG Upstream during 2024. Detailed information about the activities and business profile of ORLEN can be found at the company's internet address: [www.orlen.pl/en](http://www.orlen.pl/en).

### 1. Producing Assets

#### Gina Krog

The Company holds a 30% working interest in Gina Krog. Oil is exported through a Floating Storage and Offloading vessel. Rich gas is transported to the Sleipner Hub for further processing and is exported through the Norwegian Gas Transportation Network (Gassled).

In 2023, Gina Krog produced 3.35 mln bbls of oil/condensate, 0.46 mln bbls of NGL and 87.44 bcf of gas products (all figures are gross).

#### Eirin

PLO48E contains the Eirin discovery (1978), located approximately 9 km from Gina Krog. As a result of Gina Krog having available processing capacity by the end of 2025, the license decided in to fast-track the Eirin project towards an investment decision. The investment decision was taken in September 2023, with a subsequent submission of the Field Development Plan (PDO) to the Norwegian Authorities.

The Eirin development is planned as a tie-in to Gina Krog. Project execution activities are currently ongoing with a targeted on-stream date in Q4 2025.

#### Sleipner East and West

ORLEN Upstream holds a 10% working interest in the Sleipner East field, including Gungne satellite tie-in, and a 9.4112% working interest in the Sleipner West field.



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



Sleipner is a large gas/condensate field located in the central North Sea. Condensate from Sleipner is sent to the Kårstø onshore terminal for further processing. Processed gas is exported through the Norwegian Gas Transportation System (Gassled).

In 2023, Sleipner produced 2.08 mln bbls of oil/condensate, 0.6 mln bbls of NGL and 76.08 bcf of gas products (all figures are gross).

#### **Utgard**

The Company holds a 6.2% working interest in the Utgard field. Utgard is developed as a subsea tie-back to Sleipner, and the produced gas is exported through Gassled. Condensate is piped to the Kårstø onshore processing terminal for processing and export.

In 2023, Utgard produced 0.57 mln bbls of oil/condensate, 0.1 mln bbls of NGL and 7.24 bcf of gas products (all figures are gross).

#### **Tambar East Field**

The Company holds a 0.8% working interest in Tambar East; comprising of a single well, at the unmanned Tambar platform which is tied back to the AkerBP operated Ula platform. The well restarted production in September 2023, and a future sidetrack was approved in December 2023, with planned drilling operation start within end of 2024.

In 2023, Tambar East produced 0.1 mln bbls of oil/condensate, 0.002 mln bbls of NGL and 0.09 bcf of gas products (all figures are gross).

#### **Gyda Field**

The Company holds a 5% working interest in the Gyda field (PL 019B). The wells have been plugged, and removal of the facilities was completed in July 2022. According to the cessation plan, disposal of the facilities shall be completed in 2024.

## **2. Exploration**

### **Gina Krog Unit Exploration, Dougal**

The 'Dougal' exploration well 15/6-B-20 resulted in a gas/condensate discovery with a recoverable volume range of 0.8-2.6 MSm<sup>3</sup>oe. The well was completed for production via the Gina Krog field in January 2024.

### **PL1091**

PL1091 was awarded in February 2021 with AkerBP as the operator with a 40% interest, and ORLEN Upstream, PGNIG Upstream and Petoro holding 20% each. The new reprocessing in 2023 was not able to resolve the key uncertainties, and the license took a unanimous decision to drop the license in February 2024.



## **PL1137**

PL1137 was awarded in March 2022 with Equinor as operator (50%) and ORLEN Upstream as the only partner (50%). The license is located directly south of Utgard and Sleipner, with the main prospect being Sissel. The operator made a recommendation on 20<sup>th</sup> of February 2024 to drill the Sissel prospect. The drill-recommendation is currently being assessed.

## **PL1174S**

PL1174S was awarded as part of the APA22 licensing round with Equinor as the operator with 60% and ORLEN Upstream and Petoro with 20% each. The next milestone is a drill-or-drop decision by Q1 2025.

## **PL1200S**

PL1200S was awarded in the APA23 licensing round with Equinor as operator with 70% and ORLEN Upstream as the only partner with 30%. The work program is reprocessing of 3D seismic and G&G work before a Drill-or-Drop decision must be taken by Q1 2026. The acreage holds the Bora Bora prospect as well as the Grevling and Storskrymten discoveries plus other leads and prospects.

## **PL1201**

PL1201 was awarded in the APA23 licensing round with Equinor as operator with 78,2% and ORLEN Upstream as the only partner with 21,8%. The work program is reprocessing of OBN seismic and G&G work before a Drill-or-Drop decision must be taken by Q1 2026. The acreage holds the Zorn prospect, a direct analogue to the Eirin development project, and Zorn will be de-risked by Eirin development wells.

### **3. Business Development**

Several possible acquisition opportunities were screened. However, none were pursued following the decision to sell the Company.

### **4. Health, Safety, Security and Environment**

ORLEN Upstream's office, from where all the Company's Norwegian activities are managed, is in central Stavanger on two floors. There has not been reported any incidents in the office and total sick leave was 2.3 % in 2023. The working environment seems to be good among the 19 employees, although the decision to divest ORLEN Upstream has created uncertainties and stress among some of the employees.



The employees have been encouraged to have an active physical life by participating in various fitness and sport activities. ORLEN Upstream offered flu vaccination to all staff as recommended by the National Institute of Public Health and all employees were offered a medical health check.

The Company is committed to prevent discrimination based on gender, reduced functional ability, ethnic affiliation, nationality, color of skin, religion, or beliefs.

ORLEN Upstream operates within an industry where there is risk of pollution of the environment. Therefore, the Company places high focus on the environment in its operated licenses. In addition, ORLEN Upstream closely follows activities of other operators. We perform our duties through audits, verifications, meetings and by reviewing daily, weekly, and monthly reports.

## 5. Corporate Governance & Risks, Board of Director' Liability Insurance

The Company is participating in the entire E&P value chain. One of the highest risks is delivering complex development projects on time and schedule. General market conditions may also impact commerciality. Although the Company operates in a capital-intensive industry, the Company is well positioned as it is fully funded with equity. All projects and future investment decisions are tested with financial input parameters reflecting the projected commodity prices, expected future regulations, climate impact and uncertainty in the macroeconomic environment.

ORLEN Upstream's operations involve risk for damages, including pollution. Installations and operations are insured through the OEE insurance and drilling Insurance including Third Party Liability. In addition, ORLEN Upstream holds an insurance policy that covers all risks of physical loss or physical damage to its fields.

PGNiG Upstream has signed insurance policies for the members of the Board of Directors potential liability towards the Company and third parties. The insurance is policy is renewed on an annual basis.

The Company has developed and is following a governance process for its engagement in non-operated ventures, thus exercising its "see-to-it-duty" and optimizing value for its shareholders.

## 6. R&D

The Company has defined as a strategic target to facilitate technology for the low carbon transition. An important enabler to achieve this target has been through license participation in the Greater Sleipner Area assets, providing access to advanced technology on CO<sub>2</sub> injection.

Additional technologies development has been achieved, through the Greater Sleipner Area participation, regarding technology for facilities isolation without shutdown, downhole compression and Power from Shore.



## 7. Transparency Act

The Company will make available a statement by 30<sup>th</sup> June 2024 in accordance with section 5 of the Norwegian Transparency Act on its parent company web-page: [www.pgnig.no](http://www.pgnig.no).

## 8. Finance

The Income Statement for 2023 shows a total profit for the year of USD 68 984 thousand. Profit from operations is USD 233 211 thousand, a reduction from 2022 which was impacted by record high gas prices. Effective tax rate is 72%, lower than the nominal 78% mainly due to foreign exchange effects.

The Directors propose this year's results to be applied as follows:

Transfer to share premium: USD 68 984

Negative cash flow from operations is totalling to USD 7 609 thousand after deduction of tax payments of USD 469 545 thousand. The high tax payment is linked to the high net profit in 2022. Net investment in fixed assets is USD 77 411 thousand. Before the end of the year, KUFPEC repaid the outstanding deposit balance, resulting in a net cash inflow from financing of USD 279 187 thousand, net of dividend payment of USD 30 000 thousand. At the balance sheet date, the Company had bank deposits of USD 214 043 thousand and no loans.

The Company's tax balances, as included as part of the Deferred Tax Liability, is NOK denominated and is exposed to currency risk to the extent that NOK/USD exchange rate varies compared to the year-end rate of NOK 10,1351/1 USD. Further reference is made to the notes to the accounts.

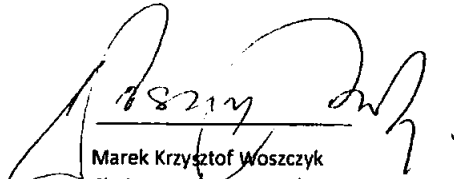
In accordance with the Norwegian Accounting Act, the Company's Board of Directors has reviewed the going concern assumption, considering all relevant information available to date. As mentioned, the Company is expected to be consolidated with PGNiG Upstream during 2024. The considerations have thus been done for the two companies combined. Companies' accounts are issued and all available information about the future are considered for at least 12 months from the reporting date. The review included the operational outlook and work programs, while maintaining appropriate headroom in respect of liquidity and financial covenant compliance throughout the assessment period. Following its review, the Board of Directors confirms, pursuant to the Norwegian Accounting Act section 3- 3a, that the requirements of the going concern assumption are met, and that these financial statements have been prepared on that basis. The Board is not aware of any matters not covered in this report that could be of significance, when evaluating the Company's position.

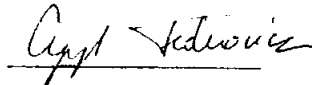


ORLEN UPSTREAM NORWAY 2 AS (previously KUPPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



Stavanger, 14 March 2024

  
Marek Krzysztof Woszczyk  
Chairman of the Board/General Manager

  
Cyryl Mikołaj Federowicz  
Board Member

  
Maciej Konrad Zwierzchowski  
Board Member



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## Income Statement for the year ended 31<sup>st</sup> December 2023

INCOME STATEMENT		31.12.2023 2023 USD 000's	31.12.2022 2022 USD 000's
	Notes		
<b>Operations:</b>			
Sales income	3	546 345	1 525 235
Other revenue/revenue adjustments(-)	3	-10 455	2 700
Cost of operations	4,5	-285 767	-388 783
<b>GROSS PROFIT</b>		<b>250 123</b>	<b>1 139 153</b>
Exploration/New Venture expenditure written off	6	-6 152	-2 086
Net impairment losses(-)/reversals	5	-290	347
Gain/Loss(-) on Sale of Asset	7	43	21 095
General and administrative expenses	5,8,9,10	-10 514	-15 668
		<b>-16 913</b>	<b>3 687</b>
<b>PROFIT FROM OPERATIONS BEFORE FINANCE INCOME/COSTS AND TAXATION</b>		<b>233 211</b>	<b>1 142 840</b>
Interest income	15	15 914	6 297
Unwinding of discount on decommissioning provision	17	-6 037	-3 435
Foreign exchange loss(-)/gain		493	-18 482
Interest expense	15	-334	-912
<b>PROFIT FROM OPERATIONS BEFORE TAXATION AND DIRECTORS' FEES</b>		<b>243 247</b>	<b>1 126 308</b>
Income tax expense(-)/revenue	11	-174 252	-854 446
<b>PROFIT BEFORE DIRECTORS' FEES</b>		<b>68 995</b>	<b>271 862</b>
Directors' fees	10	-11	-12
<b>PROFIT FOR THE YEAR</b>		<b>68 984</b>	<b>271 850</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>68 984</b>	<b>271 850</b>



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## Statement of Financial Position - Assets

as at 31<sup>st</sup> December 2023

### STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2023 USD 000's	31.12.2022 USD 000's
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	214 043	19 875
Trade and other receivables	13	63 635	167 289
Inventories	14	9 249	9 219
		<u>286 927</u>	<u>196 383</u>
<b>Non-current assets</b>			
Deposits and prepayments	13	1 909	5 539
Intercompany receivable	15	-	309 187
Property, plant and equipment	5	434 825	470 298
Intangible assets	5	616	-
		<u>437 350</u>	<u>785 024</u>
<b>TOTAL ASSETS</b>		<u>724 277</u>	<u>981 407</u>



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## Statement of Financial Position – Liabilities and Equity as at 31<sup>st</sup> December 2023

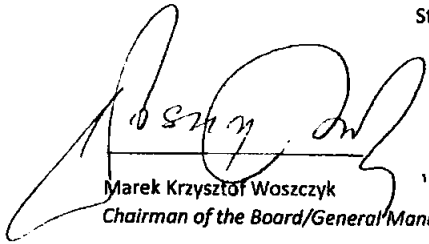
	Notes	31.12.2023 USD 000's	31.12.2022 USD 000's
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	16	36 044	60 035
Tax payable	11	92 490	362 651
Due to Ultimate Parent Company and affiliates	15	1 468	32 187
Decommissioning provision, short term	17	204	622
		<u>130 206</u>	<u>455 495</u>
<b>Non-current liabilities</b>			
Decommissioning provision, long term	17	207 731	182 866
Pension liabilities		201	301
Lease Liability - ROUA	18	1 697	2 155
Deferred tax liabilities	11	138 093	163 224
		<u>347 721</u>	<u>348 546</u>
<b>Total Liabilities</b>		<u>477 927</u>	<u>804 042</u>
<b>Equity</b>			
Share capital		10 695	10 695
Share premium		235 654	166 670
<b>Total equity</b>		<u>246 349</u>	<u>177 365</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>724 277</u>	<u>981 407</u>

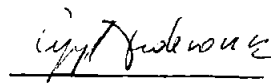


ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



Stavanger, 14 March 2024

  
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ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## Cash flow Statement for the year ended 31<sup>st</sup> December 2023

	2023 USD 000's	2022 USD 000's
<i>Cash generated/used(-) by operations</i>		
Profit before tax	243 247	1 126 308
Directors' fees	-11	-12
Taxes paid(-)/received	-469 545	-482 439
Depreciation	131 312	164 823
Gain on sale of fixed assets	-43	-21 095
Impairment/writeback(-)	290	-347
Payment of decommissioning	-882	-2 488
Unwinding of Discount ARO	6 037	3 435
Change in inventory, accounts receivable/payable	73 489	19 414
Changes in other balance sheet items	3 071	2 563
<i>Net cash inflow/outflow(-) from operations</i>	<u>-13 034</u>	<u>810 162</u>
<i>Cash generated/used(-) by investments</i>		
Funds repaid from/(deposited with) Head Office	309 187	-309 187
Investments in fixed tangible assets (cash payment)	-77 454	-48 843
Divestment of fixed tangible assets (cash payment)	43	85 311
<i>Net cash outflow(-)/inflow from investments</i>	<u>231 777</u>	<u>-272 719</u>
<i>Cash generated/used(-) by financing</i>		
New debt/repayment(-) of long term borrowing	-	-54 084
Dividend paid	-30 000	-481 500
<i>Net cash outflow(-)/inflow from financing</i>	<u>-30 000</u>	<u>-535 584</u>
<i>Net change in cash flow during the year</i>	<b>188 743</b>	1 859
Cash at 01.01	<u>19 875</u>	<u>12 702</u>
Effect of exchange rate fluctuations on cash held	5 425	5 314
<b>Cash at 31.12</b>	<u><b>214 043</b></u>	<u>19 875</u>



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## Changes in Equity for the year ended 31<sup>st</sup> December 2023

	<i>Share capital USD 000's</i>	<i>Share premium USD 000's</i>	<i>Total USD 000's</i>
At 1 January 2023	10 695	166 670	177 365
Profit for the year		68 984	68 984
At 31 December 2023	<u>10 695</u>	<u>235 653</u>	<u>246 349</u>
At 1 January 2022	10 695	206 321	217 016
Profit for the year		271 850	271 850
Distributed as dividend based on 2020 accounts		-80 000	-80 000
Distributed as interim dividend 2022		-201 500	-201 500
Distributed as dividend at year end		-30 000	-30 000
At 31 December 2022	<u>10 695</u>	<u>166 670</u>	<u>177 365</u>



## Notes to the Financial Statements

### 1 CORPORATE INFORMATION

ORLEN UPSTREAM NORWAY AS ("the Company" or "ORLEN Upstream"; previously KUPPEC Norway AS) was during 2023 and per 31.12.23 a fully owned subsidiary of KUPPEC UK Ltd. KUPPEC UK Ltd. is fully owned by Kuwait Foreign Petroleum Exploration Company k.s.c.c., a fully owned subsidiary of Kuwait Petroleum Corporation (KPC; the Ultimate Parent Company).

On 05.01.24 KUPPEC UK Ltd. divested all its shares in the Company. As of that date, the Company became a fully owned subsidiary of PGNiG Upstream Norway AS ("PGNiG Upstream"). PGNiG Upstream is a subsidiary of ORLEN S.A. ([www.orlen.pl/en](http://www.orlen.pl/en)). The Company's name was changed to ORLEN UPSTREAM NORWAY AS.

The company's registered address is P.O. Box 207, 4001 Stavanger, Norway. The principal activities of the Company are exploration, development and production of oil and gas in Norway.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements have been prepared in accordance with Norwegian Accounting Act § 3-9 and updated regulations regarding simplified application of International Financial Reporting Standards ("IFRS") issued by the Ministry of Finance on 7 February 2022 ("Norwegian Simplified IFRS"). The Company has not applied any simplifications from the Norwegian Simplified IFRS compared to full IFRS with regards to recognition and measurement.

The financial statements have been prepared on a historical cost basis.

These financial statements have been prepared on a going concern basis.

The financial statements are presented in US Dollars (USD) and all values are rounded to the nearest thousand (USD 000's) except when otherwise indicated.

#### Changes in accounting policies, disclosures and prior year adjustments

There have been no changes to the accounting policies in 2023.

#### Interest in licenses on the Norwegian Continental Shelf

Licenses held by ORLEN Upstream on the Norwegian Continental Shelf are not deemed to be joint arrangements under the definition in IFRS 11 because there is no joint control. The Company recognizes its share of related expenses, assets, liabilities and cash flows on a line-by-line basis in the financial statements in accordance with applicable IFRSs.



## **Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents includes cash and bank balances, deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

## **Inventories**

Inventories comprising mainly of ORLEN Upstream's share of Joint Venture spare parts, materials and supplies which are valued at the lower of cost and net realizable value.

## **Oil and natural gas exploration, evaluation and development expenditure**

Oil and natural gas exploration, evaluation and development expenditure are accounted for using successful efforts method of accounting, as described in the sections below.

### **Exploration and evaluation costs**

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and assessment of commercial viability of an identified resource.

Pre-license costs and general, non-well related exploration expenditure are expensed in the period in which they are incurred.

Costs directly associated with an exploration well are capitalized as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off as a dry well. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an exploration and evaluation intangible asset.

All such capitalized costs are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. If this is no longer the case, the costs are written off in the income statement.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalized expenditure is first assessed for impairment and (if



required) any impairment loss is recognized, then the remaining balance is transferred to oil and gas properties. No amortization is charged during the exploration and evaluation phase.

### **Development costs**

Expenditure relating to construction, installation and commissioning of infrastructure facilities such as platforms, seismic geological and geophysical studies, finance charges, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalized within oil and gas properties.

### **Divestment of assets**

When the Company divests licenses, the gain/loss of the divestment is recognized at the completion date of the transaction. All balances related to the asset on that date, including tax balances and estimated tax for the period from effective date to completion date, are offset against the consideration when recognizing the gain/loss.

### **Oil and gas properties and other fixed assets**

Oil and gas properties and other fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and for qualifying assets (where applicable), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When a development project moves into the production stage, the capitalization of certain construction/development costs cease, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to oil and gas property asset additions, improvements or new developments.

### **Decommissioning costs and provisions**

The decommissioning provision is calculated based on the net present value of the Company's share of the estimated future cost of decommissioning and site restoration required for facilities in place. This is calculated using the latest estimates provided by the Company's technical staff, which is based upon estimates provided by the field operators. An associated decommissioning asset is recognized, which is amortized for each field on a unit-of-production basis in accordance with the Company's policy for depreciation, depletion and amortization of oil and gas properties. Period charges for changes in the net present value of the decommissioning provision arising from the unwinding of the discount are included in finance costs in the income statement.

The Company recognizes a decommissioning provision when it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources



will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the field location.

Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to oil and gas properties.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36.

#### **Depreciation, depletion and amortization**

Oil and gas properties are depreciated, depleted and amortized on a unit-of-production basis over the total proved developed and undeveloped reserves of the field concerned. The unit-of-production rate calculation for the depreciation, depletion and amortization of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. Oil and gas reserves, both proved developed and undeveloped reserves, and future capital expenditures, are calculated using the latest estimates provided by the Company's technical staff, which are based on estimates provided by the field operator.

Other fixed assets are generally depreciated on a straight-line basis over their estimated useful lives.

An item of oil and gas properties and other fixed assets initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation, depletion and amortization are reviewed at each reporting period, and adjusted prospectively if appropriate.

#### **Impairment of oil and gas properties and other fixed assets**

Property, plant and equipment and other non-current assets are subject to impairment testing when there is an indication that the assets may be impaired. The company makes such assessments on each reporting date. If an indication exists, an impairment test where the company estimates the recoverable amount of the asset is performed. The recoverable amount is the higher of fair value less expected cost to sell and value in use. If the carrying amount of an asset is higher than the recoverable amount, an impairment loss is recognized in the income



statement. The impairment loss is the amount by which the carrying amount of the asset exceeds the recoverable amount. The value in use is determined as the discounted future net cash flow expected to be generated by the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. For oil and gas properties, the field/license or hub is typically considered as one cash generating unit. All other assets are assessed separately. An impairment loss on assets will be reversed when the recoverable amount exceeds the carrying amount.

### **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

### **Pension liabilities**

For base salary up to 12G, the Company operates a defined benefit pension plan for its employees. Defined benefit plans are valued at the present value of accrued future pension benefits at the end of the reporting period less pension plan assets which are valued at their fair value.

Changes in pension obligation due to changes in pension plans are recognized over the estimated average remaining service period. The net pension cost for the period is classified as salaries and personnel cost.

### **Foreign currencies**

The functional currency for the Company is US Dollars (USD).

Transactions in foreign currencies during the year are recorded in the functional currency at the transaction date. Monetary assets and liabilities are translated using rates prevailing at the statement of financial position date, and any gains and losses on translations are reflected in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The year end NOK to USD foreign exchange rate used is 10,1351.

The average 2023 NOK to USD foreign exchange rate used is 10,49.



## Revenue recognition

Revenue is measured at the fair value of the consideration received, excluding discounts, sales taxes, excise duties and similar levies.

Revenue from contracts with customers is recognized upon satisfaction of the performance obligations for the transfer of goods and services in each such contract. Other revenue is recognized when the risk passes to the customer, and the customer obtains control of those products. The changes in over-/under-lift balances are also classified as 'Other revenues'. Revenue is presented net of customs and excise taxes.

Revenues from petroleum products in which the Company has an interest with other producers are recognized on the basis of the Company's proportionate share of production during the period, regardless of actual sales (entitlement method). This is achieved by applying the following approach in dealing with imbalances between actual sales and entitlements:

The excess of product sold during the period over the participant's ownership share of production from the property is recognized by the over-lift party as a short-term liability (deferred revenue) and not as revenue. Conversely, the under-lift party would recognize an under-lift asset (short-term receivable) and report corresponding revenue. The value of over-lift/under-lift is set at the estimated sales value, minus estimated sales costs.

## Taxation

Income tax expense represents the sum of current tax payable/receivable and change in deferred tax.

The current tax payable/receivable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date. Under Norwegian tax legislation a company which has net offshore tax losses has the right to have the tax value of such loss refunded in the following year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences under the current tax regime that would follow from the manner in which the Company expects, at the statement of financial position date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Current and deferred tax for the period is recognized as an expense or income in the income statement, except when they relate to items recognized in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities, and contingent liabilities over cost.

#### **Accounting for leases**

The company recognises in the balance sheet, each contract that meets its definition of a lease as right-of-use asset and a lease liability. All leases, except leases of short term (less than 12 months) and leases of low value, are recognised as a lease liability and a right of use asset in the balance sheet. At initial recognition, the lease liability and right of use asset is measured as the present value of the lease payments, discounted using an incremental borrowing rate. The lease payments are reflected as interest expense and a reduction of lease liabilities. The right-of-use assets are to be depreciated over the shorter of each contract's term and the assets' useful life of the asset.

#### **Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements in conformity with simplified IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further



information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements.

#### Reserve and resource estimates

Oil and gas production properties are depreciated on a unit-of-production basis at a rate calculated by reference to total proved developed and undeveloped reserves determined using the latest estimates provided by the Company's technical staff, which are based on estimates provided by the field operator. Commercial reserves are determined using estimates of oil in place, recovery factors and future oil price assumptions, the latter having an impact on the total amount of recoverable reserves. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

As the economic assumptions used may change and as additional geological information is produced during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Company's reported financial position and results for the carrying value of assets, depreciation/depletion/amortization charges, and provisions for decommissioning.

#### Recoverability of oil and gas properties

The Company assesses each asset or cash generating unit (excluding goodwill, which is assessed annually regardless of indicators) every reporting period to determine whether any indication of impairment exists.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices, discount rates, estimated future operating and capital expenditure, including those arising from future climate related requirements, exploration potential, reserve estimates, and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

#### Decommissioning costs

Decommissioning costs will be incurred by the Company at the end of the operating life of some of the Company's facilities and properties. The Company assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

### Changes to accounting standards and interpretations

In these financial statements, the company did not opt to early adapt any standards, interpretations or amendments to the existing standards which have been issued.

The company adopted Disclosure of Accounting Policies (Amendments to IAS1 and OFRS Practice Statement 2) from January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

## 3 SALES INCOME AND OTHER REVENUE

All revenue recognized in the income statement is relating to operations on the Norwegian continental shelf and is analyzed as follows:

	2023 USD 000's	2022 USD 000's
Oil sales	105 627	177 554
NGL sales	10 285	6 721
Gas Sales	430 433	1 340 960
Total Sales Income	<u>546 345</u>	<u>1 525 235</u>

	2023 USD 000's	2022 USD 000's
Changes to over/underlift	-10 512	2 700
Misc. Income	57	-
Total Other Revenue/Revenue Adjustments(-)	<u>-10 455</u>	<u>2 700</u>



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## 4 COST OF OPERATIONS

	2023 USD 000's	2022 USD 000's
Operating cost joint ventures	57 064	88 421
Insurance	3 811	4 838
Pipeline tariffs and marketing cost	36 245	36 450
Income Sharing Sleipner and Utgard	11 984	22 994
Net Profit Interest Gina Krog	45 868	71 791
Depreciation of producing fields	130 795	164 289
	<u>285 767</u>	<u>388 783</u>



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## 5 INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT

	Intangible	Property, Plant & Equipment				Total PP&E USD 000's
	Exploration and USD 000's	Facilities in development USD 000's	Production facilities including USD 000's	Office equipment etc. USD 000's	Right of Use Asset USD 000's	
<b>Cost</b>						
At 1st January 2022			1 374 354	1 774	4 288	1 380 416
Additions			48 816	27	-	48 843
Transferred from development to producing			-			-
Changes to decommissioning asset			(21 237)			-21 237
Divestment of asset			(206 798)			-206 798
As at 31st Dec 2022 and 1st Jan 2023	-	-	1 195 136	1 801	4 288	1 201 225
<b>Additions</b>	9 928	11 203	56 321	2	-	67 526
Transferred from development to producing	-9 312	-	9 312	-	-	-9 312
Changes to decommissioning asset	-	-	19 292	-	-	19 292
Divestment of asset	-	-	-	-	-	-
As at 31st December 2023	616	11 203	1 280 060	1 803	4 288	1 297 355
<b>Accumulated depreciation/impairment</b>						
At 1st January 2022	-	-	573 100	1 374	1 319	575 794
Depreciation charge for the year	-	-	164 289	95	440	164 823
Impairment charge/(writeback) for the year	-	-	-347	-	-	-347
Divestment of asset	-	-	-9 344	-	-	-9 344
As at 31st Dec 2022 and 1st Jan 2023	-	-	727 699	1 469	1 759	730 927
Depreciation charge for the year	-	-	130 795	92	426	131 312
Impairment charge/(writeback) for the year	-	-	290	-	-	290
Divestment of asset	-	-	-	-	-	-
As at 31st December 2023	-	-	858 784	1 561	2 185	862 530
<b>Net book value</b>						
As at 31st December 2023	616	11 203	421 276	242	2 103	434 824
As at 31st December 2022	-	-	467 437	332	2 529	470 298

The depreciation of production facilities is based on the unit-of-production method. Office equipment (mainly IT hardware and software) is depreciated over 5 years. Leasehold improvements and Right of Use Asset, representing office lease, are depreciated over the lease period.

IAS 36.12 requires the entity to consider the External and Internal Source of information for identifying impairment indicators. As the shares in ORLEN Upstream were sold on 05.01.24, after a divestment process involving a high number of interested potential buyers and several bids,



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



there is an established fair value per 31.12.23. Based on this, there is considered to be no impairment per 31.12.23.

Adjustment to the decommissioning provision for Gyda and Tambar East is capitalized as decommissioning asset and impaired (or impairment reversed) straight away as these assets are fully impaired.

The impairment charge/income (-) for the year is broken down as follows:

	USD 000's
Gyda - Updated ARO provision	291
Tambar East - Updated ARO provision	(1)
Impairment/(write-back) per income statement	<u>290</u>

## 6 EXPLORATION COST IN THE INCOME STATEMENT

	2023 USD 000's	2022 USD 000's
Expensed drilling and exploration cost	6 140	2 086
New Venture cost (Business Development)	<u>12</u>	<u>-</u>
	<u>6 152</u>	<u>2 086</u>

## 7 GAIN/(LOSS) ON SALE OF ASSET

The Company sold its 10% share in Yme (PL316) to Lime Petroleum with effective date 01.01.22. Completion date was 23.12.22. The reported gain on sale of asset in 2023 is an adjustment to the calculation of gain in relation to the Yme divestment in 2022.



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## 8 SPECIFICATION OF GENERAL AND ADMINISTRATIVE EXPENSES

	2023 USD 000's	2022 USD 000's
Salary and personnel cost	7 228	11 372
Office cost	94	77
Depreciation of capitalised office lease (IFI)	426	440
Consultants, legal and professional fees	454	1 934
Training and travel expenses	19	22
Entertainment, PR and commercial cost	26	15
IT, communication	647	667
Other general/admin cost	93	91
Office asset depreciation	92	95
Timewriting charges to Group companies	-593	-999
Cost allocated from Head Office	2 027	1 955
	<b>10 514</b>	<b>15 668</b>

Office cost includes office lease (rent) reversal as according to IFRS 16. The capitalized office lease depreciation is shown on a separate line.

## 9 AUDITORS' REMUNERATION

The Company paid the following amounts to its auditors PwC (for 2022/2023) and EY (for 2021) in respect of the audit of the financial statement and for other services provided to the Company.

	2023 USD 000's	2022 USD 000's
Audit of financial statements (PwC)	54	28
Other services (PwC)	23	70
Audit of financial statements (EY)	-	33
Other services (EY)	-	6
	<b>76</b>	<b>137</b>

"Other services PwC" have been partially charged to KUFPEC UK Ltd as they related to support in connection with the divestment of the Company.



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## 10 EMPLOYMENT COST

Total remuneration for 2023 to the Board of Directors is USD 11 thousand.

The aggregate payroll cost of staff (including management) was as follows:

	2023	2022
	USD 000's	USD 000's
Wages and salaries	5 350	9 189
Social Security costs	1 092	1 445
Pension costs	605	331
Other salary related costs	181	406
	<u>7 228</u>	<u>11 372</u>

Remuneration of Managing Director:

	USD 000's	USD 000's
Annual Salary	806	814
	<u>806</u>	<u>814</u>

Man-years in the accounting year (ORLEN Upstream employees)	19	22
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There are no standard bonus arrangements in place for the Managing Director or other managers. Ad hoc bonuses of USD 42 thousand were paid out in 2023.

The Company is obliged to have an occupational pension scheme pursuant to the Act relating to Mandatory Occupational Pensions. The Company's pension scheme satisfies the requirements of this act.



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## 11 TAXATION

Basis for taxes	2023 USD 000's	2022 USD 000's
Profit/(loss) before taxes (after directors' fees)	243 236	1 126 296
Permanent differences	504	41
Depreciation/impairment of permanent differences	12 954	17 557
Change in temporary differences	231 757	155 101
Temp diffs adjusted as part of asset transaction	-	-82 532
Gain/loss related to asset transaction (section 10)	-	-26 894
Exchange rate effects NOK/USD	-123 550	20 072
Basis for corporate tax payable (22%)	364 901	1 209 640
Financial items without special tax	-38 475	-31 079
Fixed assets - accumulated additional tax depreciations special tax regime	-47 867	49 878
Own rent	-233	-
Less temp diffs adjusted as part of asset transaction	-	-66 838
This year's effect of uplift on taxable income	-1 493	-2 175
Sequential tax (22% corporate tax)	-73 238	-260 783
Basis for special tax payable	203 596	898 642
Tax payable/receivable(-) corporate tax 22%	80 278	266 037
Tax payable/receivable(-) special tax (current year) 71.8%	146 182	645 225
Transition rule payable - special tax loss/uplift carry forward 01.01.22	-	-115 328
Pre-paid tax (-) /tax refund	-133 970	-433 366
Tax payable/receivable(-)	92 490	362 651

Tax expense	2023 USD 000's	2022 USD 000's
Tax payable/receivable(-)	226 460	796 017
Tax on divestment asset in interim period - offset against divestment gain	-	-6 090
Prior year adjustments	-1 163	-975
Change in deferred tax on temporary differences	-25 131	-33 573
Deferred tax adjustment from asset transaction	-	114 004
Exchange effects on tax payments	-25 914	-14 937
Tax expense/income(-)	174 252	854 446

In accordance with statutory requirements, the calculation of current tax is required to be based on NOK functional currency. This may impact the effective tax rate as the Company's functional currency is USD.



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



	2023 USD 000's	2022 USD 000's
<b>Breakdown of tax effect of temporary differences</b>		
Fixed assets	-281 864	-279 839
Asset retirement obligation	155 671	136 377
Inventory of petroleum	-3 291	-10 332
Stock	-6 102	-6 241
Pension provision	156	235
Lease liability	-16	-1
Gain/loss account	-2 648	-3 425
<b>Net deferred tax liability(-)/deferred tax asset</b>	<b>-138 093</b>	<b>-163 224</b>

	2023 USD 000's	2022 USD 000's
<b>Calculation of total taxes</b>		
Profit before taxes	<u>243 236</u>	<u>1 126 296</u>
Expected tax at 78%	-189 724	-878 511
Exchange rate effects NOK/USD	15 280	-7 850
Permanent differences	-393	-32
Depreciation of permanent differences	-10 104	-13 694
Interest income, no special tax	8 912	-
Current year's uplift	1 072	1 562
Divestment of asset	-	33 859
Prior year's adjustment/other	705	10 220
<b>Total taxes</b>	<b>-174 252</b>	<b>-854 446</b>
Effective tax rate	72 %	76 %

## 12 CASH AND CASH EQUIVALENTS

	2023 USD 000's	2022 USD 000's
Cash at bank (unrestricted)	213 704	19 349
Cash at bank (restricted withholding tax fu	339	526
	<u>214 043</u>	<u>19 875</u>

Cash at bank earns interest at floating daily bank deposit interest rates.



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## 13 TRADE AND OTHER RECEIVABLES

	USD 000's	USD 000's
Trade receivables	52 458	117 798
Receivable, asset divestment	-	29 369
Licenses; receivables and prepayments	1 803	2 127
Prepayments and deferred charges	1 687	1 327
Underlifting Recoverables	7 687	16 577
Other receivables	<u>1</u>	<u>91</u>
	<u>63 635</u>	<u>167 289</u>

In addition to the short-term receivables as specified above, the Company has long term deposits and prepayments through the joint venture arrangements of USD 1.9 million at year end 2023. The 2022 equivalent was USD 5.5 million.

## 14 INVENTORIES

	2023 USD 000's	2022 USD 000's
Materials - Joint Ventures	<u>9 249</u>	<u>9 219</u>
	<u>9 249</u>	<u>9 219</u>

## 15 INTERCOMPANY ACCOUNTS AND TRANSACTIONS

	2023 USD 000's	2022 USD 000's
Intercompany payable, short term	1 468	2 187
Dividend payable	-	30 000
Total short term payable	<u>1 468</u>	<u>32 187</u>

	2023 USD 000's	2022 USD 000's
Intercompany receivable, long term	-	309 187
	<u>-</u>	<u>309 187</u>



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



The short term intercompany payable per 31.12.23 is versus the KUFPEC Group, under which the Company was a subsidiary at that time.

ORLEN Upstream had surplus funds placed with KUFPEC Head Office at the interest rate obtained by KUFPEC Head Office when placing deposits.

The Company charged the following cost to other KUFPEC Group companies:

	USD 000's	USD 000's
Timewriting charges to KUFPEC UK Ltd	564	614
Recharge of expenses to KUFPEC UK Ltd	349	-
Timewriting charges to KUFPEC k.s.c.	29	383
Recharge of expenses to KUFPEC k.s.c.	2 491	20
Interest on deposit	13 952	6 115
	<b>17 385</b>	<b>7 131</b>

The following cost has been charged to ORLEN Upstream from other KUFPEC Group companies:

	2023	2022
	USD 000's	USD 000's
Interest on Intercompany loan	-	374
Insurance - recharged	4 369	4 692
Guarantee fee	237	113
Head Office timewriting charges	2 007	1 853
Salaries secondees	1 030	1 840
Travel cost and IT - support from Head Office	36	102
	<b>7 679</b>	<b>8 975</b>



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



## 16 TRADE AND OTHER PAYABLES

	2023 USD 000's	2022 USD 000's
Trade payables	1 229	2 181
Licenses; payables and accruals	18 712	13 209
Licenses; undercall	2 678	8 212
Accruals and deferred income	9 198	32 584
Payroll and related taxes	1 044	2 306
Overlifting Liabilities	2 791	1 169
Other liabilities	392	373
	<u>36 044</u>	<u>60 035</u>

## 17 ASSET RETIREMENT OBLIGATION

	2023 USD 000's	2022 USD 000's
Opening balance	183 488	229 012
Revisions to estimates	19 292	-21 237
Payment of decommissioning	-882	-2 488
Unwinding of discount	6 037	3 435
Divestment of asset	-	-25 234
	<u>207 934</u>	<u>183 488</u>
Short term ARO provision	204	622
Long term ARO provision	<u>207 731</u>	<u>182 866</u>
	<u>207 935</u>	<u>183 488</u>

The nominal pre-tax discount rate used at end of 2023 varies between 2,70 and 2,99%. The corresponding rate at year-end 2022 was 3.29%.

## 18 LEASE LIABILITY – RIGHT OF USE ASSET AND OTHER LEASES

As shown in note 9, a Right of Use Asset was recognized per 01.01.19 for the lease of offices in Ankerbygget, Stavanger. Further details for this lease:

Page 33 of 40



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



	2023	2022
	USD 000's	USD 000's
Right of Use Asset - Net balance 31.12.	2 103	2 529
Lease Liability - Balance 31.12.	1 697	2 155
Interest calculated on lease liability	91	117

#### Payments in year for leases under IFRS and other leases:

	2023
	USD 000's
Leases under IFRS 16	433
Short term leases, IFRS 16 not applied	1
Low value leases, IFRS 16 not applied	3
Total lease payments	<u>438</u>

#### Future obligations for leases under IFRS 16:

	2023
	USD 000's
Within one year	460
Between 1 and 5 years	1 831
Over 5 years	-
	<u>2 291</u>

## 19 DRILL COMMITMENTS

There are no drill commitments in any of the licenses in which the Company has an ownership share.

## 20 OBLIGATIONS UNDER OPERATING LEASES AND OTHER NON-CANCELLABLE CONTRACTS

Future minimum commitments under non-cancellable operating leases contracts and other non-cancellable contracts:



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



	2023	2022
	USD 000's	USD 000's
Within one year - KNAS's contracts	205	674
Between 1 and 5 years - KNAS's contracts	36	234
After 5 years - KNAS's contracts	-	-
Within one year - non-operated licenses	3 230	4 117
Between 1 and 5 years - non-operated licenses	-	3 121
After 5 years - non-operated licenses	-	-
	<b>3 472</b>	<b>8 146</b>

The obligations shown above exclude lease commitments per 31.12.23 for leases accounted for under IFRS16, ref. note 20.

## 21 RELATED PARTY DISCLOSURES

ORLEN Upstream has not provided any loans or guarantees to management, employees or board members. For the purpose of related party disclosure in accordance with IAS 24, only directors are considered to be key management personnel. For compensation of key management personnel, note 10 contains additional information regarding remuneration of management – Managing Director and the Board of Directors. None of this compensation is paid to the current directors.

KUFPEC k.s.c.c. had provided a guarantee on behalf of the Company for decommissioning liabilities on acquired assets. The Company had provided a guarantee on behalf of a KUFPEC subsidiary in Egypt. Guarantees fees paid/received are based on an arm's length principle assessment.

For transactions and outstanding balances vs. other KUFPEC companies, reference is made to Note 15.

## 22 FINANCIAL INSTRUMENTS, FINANCIAL RISK FACTORS AND CAPITAL MANAGEMENT

### (a) Market risk

Market risk is the risk arising from possible market price movements and their impact on the future performance of the business. The Company is exposed to commodity price risks in the form of oil and gas prices, movement in foreign currency exchange rates and interest rates.

#### (i) Commodity price risk

The Company is exposed to commodity price risk. There are currently no hedging arrangements in place. Forecast commodity prices are based on management's estimates and available market data, and consider forward curve pricing over the period for which there is a liquid



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



market, thereafter reverting to a long-term oil price assumption that considers long-term views of global supply and demand in a changing environment, particularly with respect to climate risk and the geopolitical situation.

**(ii) Foreign currency exchange risk**

The Company has potential currency exposures in respect of items denominated in foreign currencies relating to operating and finance income/cost and capital expenditure incurred in other currencies than the functional currency of operations. There are currently no hedging arrangements in place.

**(iii) Interest rate risk**

The Company is exposed to interest rate risk through short term deposit (see note 15).

**(b) Credit risk**

Credit risk is the risk that a customer or partner fails to pay amounts due, causing financial loss to the Company. The Company has very limited exposure to such credit risk.

**(c) Liquidity risk**

Liquidity risk is the risk that sources of funding for the Company's business activities are not available. The company has a strong financial position with surplus cash available in bank / as deposit. The Board ensures that sufficient funding is available before committing to any significant expenditure.

## 23 SHAREHOLDERS AND NUMBER OF SHARES

The share capital in KUFPEC Norway AS is NOK 78,000,000 distributed over 600 shares each at face value NOK 130,000. KUFPEC UK Ltd held all the shares per 31.12.23. At the time of issuance of these statements, the sole owner is PGNiG Upstream Norway AS.

The chairman of the Board (and managing director) is Marek Krzysztof Woszczyk. Other members of the Board are Cyryl Mikołaj Federowicz and Maciej Konrad Zwierzchowski. The chairman solely or two board members jointly are empowered to sign for the Company.

## 24 SUBSEQUENT EVENTS

On 05.01.24 KUFPEC UK Ltd. divested all its shares in the Company. As of that date, the Company became a fully owned subsidiary of PGNiG Upstream Norway AS. PGNiG Upstream Norway AS is a subsidiary of ORLEN S.A. The Company's name was changed to ORLEN UPSTREAM NORWAY AS.

There are no specific subsequent events identified which may impact ORLEN Upstream's economic outlook or the valuation of assets/debt per 31.12.23.



## 25 CLIMATE RISK

Climate risk is the risk arising from physical impact of climate changes as well as related changes to legislation and business trends. Risk related to direct physical impact of climate changes to ORLEN Upstream operations is considered to be low. Upon preparing the 2023 financial statements, the impact of pending or existing climate-change related legislation and regulations are considered. Related obligations are recognized in the financial statements in accordance with IFRS. By developing and following a governance process for its engagement in non-operated ventures, ORLEN Upstream is exercising its "see-to-it-duty" to ensure the ventures are in compliance with applicable laws and regulations. ORLEN Upstream consider and includes possible future legislative changes and business trends in the short term and long term prognosis and forecasts. Further details relating to market risk/commodity price risk is provided in note 22.

## 26 LICENSES

The Company holds the following licenses on the Norwegian Continental Shelf:

Share	License	Operator	Status	Lic. Expires:
30%	Gina Krog Unit (PL029B/C, PL048)	Equinor Energy AS	Producing oil and gas	31.12.2032
21.8%	Eirin (PL048E)	Equinor Energy AS	Under development	31.12.2028
10%	Sleipner East Unit (PL046)	Equinor Energy AS	Producing gas and condensate	31.12.2028
9.4112%	Sleipner West Unit (PL046)	Equinor Energy AS	Producing gas and condensate	31.12.2028
5%	Gyda (PL019B/G)	Repsol Norge AS	Decommissioning is planned to be completed by 2024	N/A
0.8 %	Tambar East Unit	Aker BP ASA	Production paused	-
6.2%	Utgard Unit (PL046E/F)	Equinor Energy AS	Producing gas and condensate	31.12.2028
20%	PL1091	Lundin Energy Norway AS	Exploration	19.02.2029
50%	PL1137	Equinor Energy AS	Exploration	11.03.2028
20%	PL1174S	Equinor Energy AS	Exploration	17.02.2030

## 27 PROVED AND PROBABLE RESERVES (NOT AUDITED)



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



For all assets in the table, the Company's reserves and Contingent resources are based on the operator's official data reported in the Revised National Budget (RNB2024) prepared by field Operator at the end of 2023. Numbers are summation of Proven Reserves (Resource Class 1-3) and Contingent Resources (Resource Class 4-5). Amounts in million barrels of oil equivalents (BOE) net to OUN2 as of 01.01.2024:

Field	Oil	Gas	NGL	Total
Gina Krog	3.8	20.1	0.6	24.6
Sleipner West	1.4	5.7	0.6	7.7
Sleipner East and Gungne	0.1	1.6	0.1	1.7
Utgard	0.2	0.3	0.0	0.6
Tambar East	0.0	0.0	0.0	0.0
Eirin	0.4	4.1	0.3	4.8
<b>Total</b>	<b>5.9</b>	<b>31.8</b>	<b>1.6</b>	<b>39.4</b>



## REPORTING ON PAYMENTS TO GOVERNMENTS

This report is prepared in accordance with the Norwegian Accounting Act Section § 3-3 d which stipulates that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level. The Ministry of Finance has issued a regulation (F20.12.2013 no. 1682) stipulating that the reporting obligation only applies to reporting entities above a certain size and to payments above certain threshold amounts. In addition, the regulation stipulates that the report shall include information other than payments to governments, as included under Other Information below.

Reportable payments are defined in the regulation (F20.12.2013 nr 1682) §3. Management has applied judgment in the interpretation of the regulation regarding the type of payments to be included in the reporting. Management interprets the regulations as such that ORLEN Upstream should not report payments made by the operators as these should be reported by the operators based on gross amounts. This is applicable to Area Fee, CO2 tax and NOx tax. All activities in ORLEN Upstream within the extractive industries are located on the Norwegian continental shelf and all the reported payments below have been made to the Norwegian government.

### INCOME TAX

Net tax paid in 2023 amounted to USD 469 541 892 and relates to the last three tax instalments for the income year 2022, net residual tax for 2022, and the three first tax instalments for the income year 2023.

### NET PROFIT INTEREST

Two of the ORLEN Upstream held licenses making up the Gina Krog Unit is liable to pay Net Profit Interest (NPI) on accumulated net positive cash flow. ORLEN Upstream paid NPI of USD 66,519,575 (for Q4 2022 and Q1-3 2023). NPI is deductible against income tax.

### OTHER INFORMATION

ORLEN Upstream is also required to report on investments, operating income, production volumes and purchases of goods and services. All reported information relates to ORLEN Upstream's activities within the extractive industries on the Norwegian continental shelf:

- As specified in the cash flow statement, investments amounted to USD 77 million.
- Revenues from crude oil and gas sales amounted to USD 546 million as reported in the income statement.
- ORLEN Upstream's net production in 2023 was 7.5 million barrels of oil equivalents as reported in note 27 to the financial statements.



ORLEN UPSTREAM NORWAY 2 AS (previously KUFPEC Norway AS)  
Directors' Report and Financial Statements with Notes  
31<sup>st</sup> December 2023



Reference is made to the Income Statement and related disclosure notes for information about purchases of goods and services.