Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	918 980 946
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	KISTOS ENERGY (NORWAY) AS
Forretningsadresse:	Strandveien 50 1366 LYSAKER

Regnskapsår

Årsregnskapets periode:	01.01.2024 - 31.12.2024

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Olav Haugland
Dato for fastsettelse av årsregnskapet:	14.04.2025

Grunnlag for avgivelse

År 2024: Årsregnskapet er elektronisk innlevert
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

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, 03.06.2025

Resultatregnskap

Beløp i: NOK	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Total operating revenue		946 841 833	649 818 120
Sum inntekter		**946 841 833**	**649 818 120**
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer		88 317 963	-61 628 562
Production costs		291 487 808	289 257 053
Exploration costs		1 249 569	17 152 021
Decommissioning costs		39 830 004	24 327 943
Employee benefit expense		45 695 426	77 610 732
Ordinary depreciation		384 463 698	300 326 587
Impairment		-1 700 000	17 500 000
Other operating expenses		26 170 216	67 579 125
Sum kostnader		**875 514 684**	**732 124 899**
Driftsresultat		**71 327 149**	**-82 306 779**
Finansinntekter og finanskostnader			
Annen renteinntekt		47 245 264	33 282 534
Sum finansinntekter		**47 245 264**	**33 282 534**
Annen rentekostnad		288 345 274	261 350 092
Net other financial expenses		258 030 049	135 961 832
Net foreign exchange loss		309 218 607	59 851 249
Sum finanskostnader		**855 593 930**	**457 163 173**
Netto finans		**-808 348 666**	**-423 880 639**
Resultat før skattekostnad		**-737 021 517**	**-506 187 418**
Income tax		-54 965 938	-106 515 831
Årsresultat		**-682 055 579**	**-399 671 587**
Overføringer og disponeringer			

Resultatregnskap

Beløp i: NOK	Note	2024	2023
Udekket tap		-682 055 579	-399 671 587
Sum overføringer og disponeringer		**-682 055 579**	**-399 671 587**

Balanse

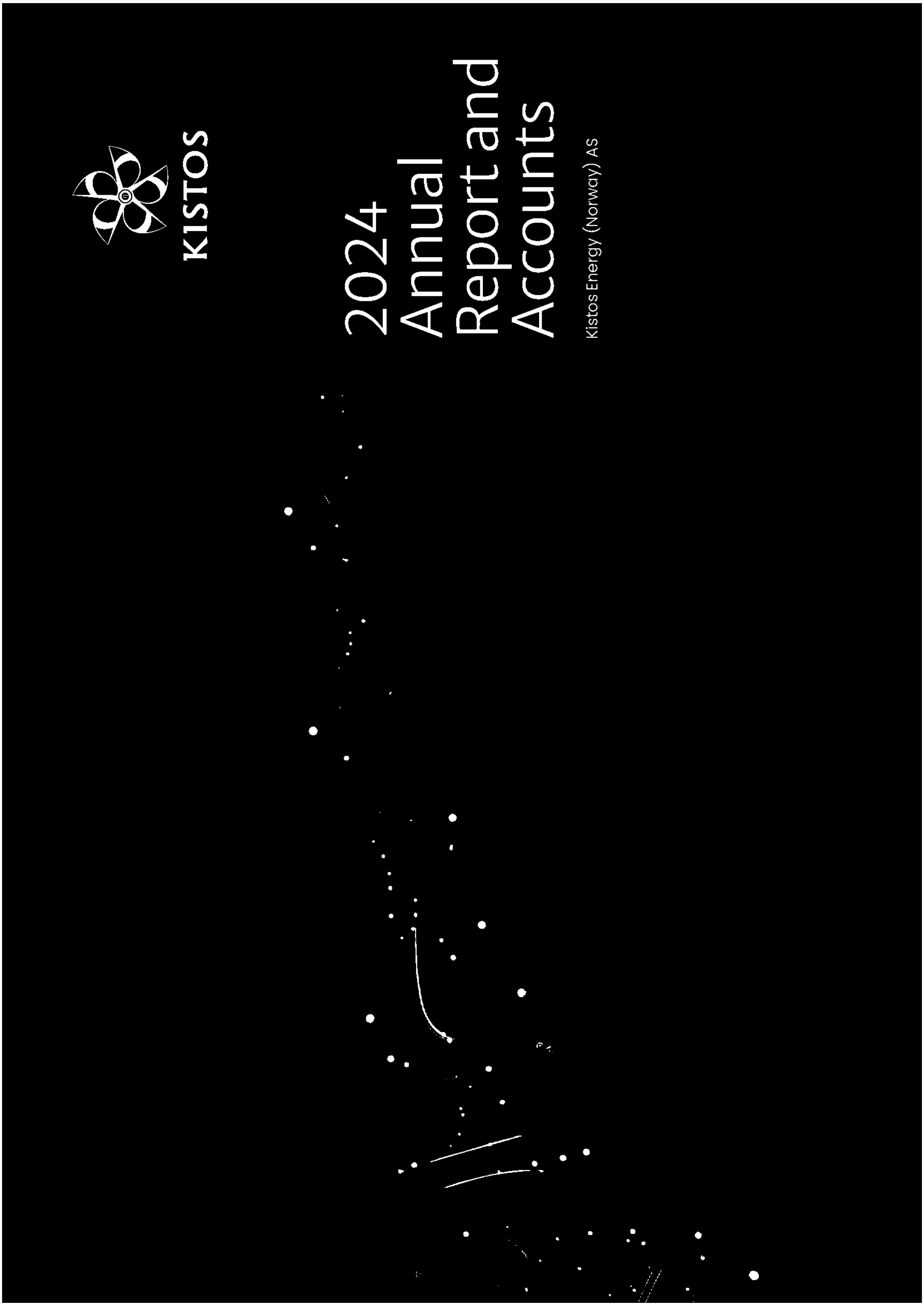
Beløp i: NOK	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Capitalized exploration wells		58 532 603	58 468 869
Other intangible assets		492 313	2 311 804
Sum immaterielle eiendeler		**59 024 916**	**60 780 673**
Varige driftsmidler			
Production facilities		6 334 455 479	5 334 745 913
Other PPE		193 179	296 091
Sum varige driftsmidler		**6 334 648 658**	**5 335 042 004**
Finansielle anleggsmidler			
Other financial assets		8 615 477	6 228 684
Sum finansielle anleggsmidler		**8 615 477**	**6 228 684**
Sum anleggsmidler		**6 402 289 051**	**5 402 051 361**
Omløpsmidler			
Varer			
Inventory and underlift		52 827 400	78 556 730
Sum varer		**52 827 400**	**78 556 730**
Fordringer			
Trade and other receivables		24 978 297	114 350 672
Other current assets		88 217 204	92 221 900
Tax receivable		745 945 648	903 152 197
Sum fordringer		**859 141 149**	**1 109 724 769**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents		212 554 662	164 274 035
Sum bankinnskudd, kontanter og lignende		**212 554 662**	**164 274 035**
Sum omløpsmidler		**1 124 523 211**	**1 352 555 534**
SUM EIENDELER		**7 526 812 262**	**6 754 606 895**

Balanse

Beløp i: NOK	Note	2024	2023
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		11 916 725	11 916 725
Overkurs		1 179 748 158	1 179 748 158
Annen innskutt egenkapital		1 501 040	
Sum innskutt egenkapital		**1 193 165 923**	**1 191 664 883**
Opptjent egenkapital			
Retained earnings		-1 887 380 228	-1 205 324 799
Other equity		344 146 754	344 146 754
Sum opptjent egenkapital		**-1 543 233 474**	**-861 178 045**
Sum egenkapital		**-350 067 551**	**330 486 838**
Gjeld			
Langsiktig gjeld			
Utsatt skatt		3 458 618 492	2 769 670 920
Other long term liabilities		8 615 474	238 150 247
Asset retirement obligation		797 696 925	846 538 144
Sum avsetninger for forpliktelser		**4 264 930 891**	**3 854 359 311**
Annen langsiktig gjeld			
Obligasjonslån		2 900 467 931	2 387 441 903
Sum annen langsiktig gjeld		**2 900 467 931**	**2 387 441 903**
Sum langsiktig gjeld		**7 165 398 822**	**6 241 801 214**
Kortsiktig gjeld			
Leverandørgjeld		25 525 794	31 133 722
Public duties payable		2 853 705	2 848 411
Other current liabilities and overlift		235 854 199	148 336 710
Short-term non-interest-bearing debt		447 247 293	
Sum kortsiktig gjeld		**711 480 991**	**182 318 843**
Sum gjeld		**7 876 879 813**	**6 424 120 057**

Balanse

Beløp i: NOK	Note	2024	2023
SUM EGENKAPITAL OG GJELD		**7 526 812 262**	**6 754 606 895**


KISTOS
2024
Annual
Report and
Accounts
Kistos Energy (Norway) AS

Contents

Board of Directors' Report 2024

Business Review

Description of business

Kistos Energy (Norway) AS (KENAS) is a private limited company incorporated and domiciled in Norway, with its main office in Bærum, Norway. The Company was incorporated on 3 May 2017.

The Company is focused on hydrocarbon development and production on the Norwegian Continental Shelf (NCS).

KENAS is a wholly owned subsidiary of Kistos plc (UK domiciled), and the ultimate parent company is Kistos Holdings plc (Kistos LSE: KIST).

Business model and strategy

The Company's business model is to be a development and production company, participating in the discovery, appraisal, development and production of oil and gas resources on the NCS. The Company targets upsides in and around proven fields with access to processing and transportation capacity.

The organisation consists of 13 employees, with a strong geological, geophysical and reservoir competence. The team has extensive experience from project execution on the NCS.

Kistos Energy (Norway) AS (KENAS) is a non-operator.

Operations and main events in 2024

KENAS holds a 10% ownership interest in the Balder/Ringhorne fields and a 7.4% ownership interest in the Ringhorne Øst Unit.

Safe operations have been maintained on the Balder floating production unit (FPU) and the Ringhorne platform throughout 2024 with a total production of net 1,003 thousand barrels (kbbls) to KENAS. Production efficiency for the year was 89.7%. During July to October, a flotel was hired in for enhanced maintenance on Ringhorne, and drilling was temporarily stopped for re-certification of the blow-out preventor (BOP) and maintenance of the top-drive on the rig. Alongside this activity, the rich gas pipeline to Balder FPU was inspected internally (pigging) and the flexible rich-gas riser onto the FPU was replaced.

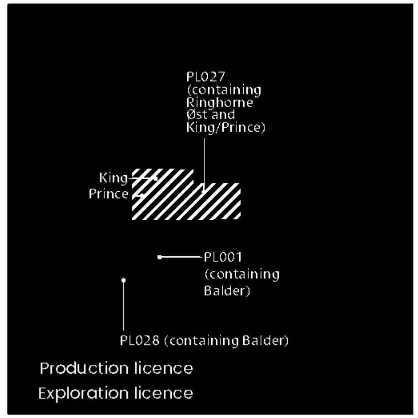
The Ringhorne drilling rig delivered two new production wells in 2024. A third production well was in its final construction phase stage towards the year-end. A successful work-over to change out tubing was performed after the second production well was finalised.

There are several development projects in the licences. The main project is the Balder Future project, approved by the Ministry of Energy in June 2020, which enables further development in the Balder and Ringhorne area. The Balder Future project includes refurbishing and relocating the Jotun floating production storage offloading vessel (FPSO), the installation of new subsea production systems and the drilling of 14 new production wells and one new water injection well. The project will extend the lifetime of the Balder Area beyond 2045. The Jotun FPSO will be located between the Ringhorne platform and Balder FPU to accommodate the tie-ins of the new Balder Future subsea production wells. The total development cost for Balder Future is estimated to be NOK 46.9 billion (100% nominal), representing an increase of NOK 26.9 billion (100% nominal) compared to the Plan for Development and Operation (PDO) estimate at NOK 20.0 billion (100% nominal). The cost increase is mainly related to the refurbishment and lifetime extension of the Jotun FPSO. Due to the negative impacts from COVID-19 related to equipment deliveries, market conditions and workforce availability in recent years, the FPSO completion has been delayed. By avoiding winter installation, the first oil date is now scheduled late second quarter of 2025. The Balder Future drilling operations were completed in the third quarter of 2024, and all subsea equipment has been installed. The FPSO offshore installation, the riser's hook-up and subsequent start-up of the production system are the remaining activities.

The six free well slots in the Balder Future subsea development project will be used for new targets matured during 2024, named Balder Phase V project. Drilling of the six multilateral wells will commence in the first quarter of 2025. This will add production on the Jotun FPSO from late 2025 onwards.

KENAS' unaudited internal 2P reserves estimate stands at 21.1 MMboe per 31 December 2024, a slight increase in 2P reserves compared to year-end 2023, mainly due to maturation of the Balder Phase V project compensating for the production during 2024.

Except for the operations at the Balder and Ringhorne area, the Company is currently not directly involved in any offshore activities.



This licence area includes both production and exploration

Financial Review

Key financial figures 2024

Operating revenue for the year amounted to NOK 947 million (2023: NOK 650 million), whereas the operating profit for the year amounted to NOK 71 million (2023: loss of NOK 82 million). Average net production was 2,740 barrels of oil per day (boepd) (2023: 2,164 boepd), and the average realised oil price net of hedging was USD 78.33/bbl (2023: USD 79.96/bbl).

Net financial costs of NOK 808 million relate to interest expenses on the long-term bond debt, accretion expenses related to the asset retirement obligation (ARO) and a net currency loss on long-term debt (2023: net financial expenses of NOK 424 million).

The Company's tax income for 2024 was NOK 55 million (2023: NOK 106.5 million).

Net loss after taxes for the period amounted to NOK 682 million (2023: NOK 399.7 million).

On 31 December 2024, total assets amounted to NOK 7,527 million (2023: NOK 6,755 million). Hereof, the total investments in Balder JV and Ringhorne Øst Unit (RHE) amounted to NOK 6,334 million (2023: 5,335 million). Cash and cash equivalents amounted to NOK 213 million (2023: NOK 164 million).

The Company has performed an impairment test based on the underlying conditions that existed at 31 December 2024. Several external and internal indicators may impact the value in use of the assets. At the end of the fourth quarter of 2024, we observed changes to the future costs, the estimated production forecast and the remaining reserves compared to the fourth quarter of 2023 evaluation.

In August 2024, Vår Energi ASA (Vår), as operator, provided a schedule update for the Balder X development project, where the target production start had been moved to the second quarter of 2025. However, as previously communicated, the revised plan has limited impact on the production and no material impact on guided capital costs.

Further, in October 2024, Vår Energi ASA and Kistos Energy (Norway) AS made the final investment decision (FID) for the Balder Phase V project. The project is expected to unlock 33 MMboe of gross proved and probable reserves, with a capital expenditure of USD 690 million and an estimated breakeven price of around USD 30 per barrel (bbl).

There are still uncertainties concerning the volumes, costs and schedule related to the development and production of the 2C resource base. Maturation of 2C volumes is still ongoing as part of a continuous development of the wider Balder Area.

The impairment test shows that the post-tax NPV8 for both Balder JV and Ringhorne Øst Unit exceeds the post-tax-book value. As a result, no impairment charge has been recognised as of 31 December 2024. The carrying amounts of property, plant and equipment (PP&E) assets are considered fully recoverable based on the estimated future cash flows generated by these assets. The assumptions employed in the impairment test have been rigorously evaluated and are deemed reasonable and reflective of current market conditions.

Net cash flow for 2024 was positive with NOK 48.3 million (2023: negative with NOK 77.7 million). Total cash flow from operational activities amounted to NOK 1,587 million in 2024 (2023: NOK 1,001 million), mainly due to a refund of tax losses during the year. Cash flow used for investment activities amounted to NOK 1,458 million (2023: NOK 1,453 million). Investments in 2024 were driven by capital expenditure related to the Balder Future project. Net cash inflow from financing activities amounted to NOK 80 million, related to interest payments on the KENO02 bonds and the revolving credit facility (RCF) facility (2022: NOK 231 million).

On 31 December 2024, the Company's long-term interest-bearing debt amounted to NOK 2,900 million. The financial covenant for the Company's debt was within the applicable threshold at year-end. The equity ratio was -4.65% as of 31 December 2024 (31 December 2023: 5%), due to a negative equity of NOK 350 million.

According to the Hybrid Bond agreement, the Hybrid Bonds (USD 45 million) mature in 2083 but are subject to mandatory early redemption dependent on offload and sales thresholds related to the Jotun FPSO. This means that certain amounts of the Hybrid Bonds will be cancelled for nil consideration if certain offload and sales thresholds related to the Jotun FPSO are not met:

- No lifting before 31.12.24 at 23:59:59 – cancellation of USD 15 million of bonds for nil consideration on the first business day in January 2025 or as soon as possibly thereafter;
- No lifting before 28.02.25 at 23:59:59 – cancellation of USD 15 million of bonds for nil consideration on the first business day in March 2025 or as soon as possibly thereafter; and
- No lifting before 31.05.25 at 23:59:59 – cancellation of USD 15 million of bonds for nil consideration on the first business day in June 2025 or as soon as possibly thereafter.

If all bonds are cancelled, the bondholders in ISIN NO 0012867326 are eligible to receive certain warrants issued and delivered by Kistos Holdings plc, the ultimate parent of KENAS. If the offload and sales threshold is satisfied on any date between 1 January and 31 May 2025, then all outstanding Hybrids Bonds shall be redeemed within 30 days at 100% of par.

On 7 January 2025, the Company notified the Bond Trustee that the offload and sales threshold on 31 December 2024 had not been met. Bonds in the amount of USD 15 million were therefore cancelled (pro rata among the bondholders) on 10 January 2025, with record date being 8 January 2025.

On 10 February 2025, the Company notified the Bond Trustee that the offload and sales threshold set for 28 February 2025 would not be met. Bonds in the amount of USD 15 million were therefore cancelled (pro rata among the bondholders) on 3 March 2025, with record date being 27 February 2025.

With the current schedule for first oil from the Balder Future project, it is not likely that the Company will be able to meet the offload and sales thresholds stipulated for 31 May 2025. Thus, it is expected that all the Hybrid Bonds will be formally cancelled during the period January–June 2025.

When passing the listed thresholds, the effect will be recorded directly against equity as debt forgiveness. In total, a positive effect of NOK 447 million on equity is estimated.

Governance and Risk Management

Risk factors and risk management

Kistos Energy (Norway) AS (KENAS) is subject to various controllable and uncontrollable risks associated with the oil and gas industry and operations. The Company's main approaches to risk management are based on the understanding and analysis of the actual risks, focusing on identifying, preventing and effectively mitigating potential adverse effects of such risks.

The internal control procedures and systems reflect the Company's core values, ethical guidelines and social responsibility policy.

The Board is responsible for overseeing the implementation of Company risk management, by making sure that the framework and management practices are in line with industry standards, such that adequate actions are in place to address Company risks. A review of the risks is conducted on a regular basis by KENAS management and the Board of Directors.

Operational and project risk

The Board recognises the risks associated with the operation of the Company's assets. The regulation of activities on the NCS provides a sound framework for handling these risks, and the Company takes an active and responsible approach as a partner. However, drilling, development, production and decommissioning activities will never be completely free from risk. Projects are associated with risks relating to delays and cost exposure. Ongoing development projects involve multidiscipline engineering, extensive procurement activities, manufacturing and construction work to be carried out under various contract packages at different locations onshore. The magnitude of such development projects makes them sensitive to circumstances that may affect the planned progress or sequence of the various activities.

The Balder Future project has experienced significant delays and cost over-run in the past. The Company is assuming that the development project will be completed according to the operator's announced date of the second quarter of 2025; however, there is still a risk of further delay and cost increase. Estimated licence costs are subject to many assumptions that may not prove to be correct. Any inability to explore, appraise, develop or decommission petroleum operations or incorrect assumptions regarding licence costs may have an adverse effect on the Company's growth ambitions, future business and revenue, operating results, financial condition and cash flow.

Furthermore, there are risks related to the integrity of the Company's assets, risks associated with the reported reserves and resources, and risks associated with third-party contractors or operators, as the Company's assets are non-operated. Costs and scheduling of development projects or exploration efforts are also uncertain. As a result of these risks, the Company may incur costs that could adversely affect the Company's financial position or its reputation as a player on the NCS.

The Company aims at being a prudent, responsible and technically competent partner across the whole spectrum of activities in its operations. KENAS works actively together with operators and has established mitigating actions to reduce the possibility of operational incidents occurring. In addition, the Company's emergency response management policy includes contingency plans to minimise the potential impact if an operational incident should occur.

Evaluation of reserves and resources

The Company's reserves are defined as the volume of hydrocarbons that are expected to be produced from known accumulations in production, under development or with development committed in accordance with the Society of Petroleum Engineers' (SPE) Petroleum Resources Management System (PRMS). The unaudited disclosed reserves are based on estimates from the operator of the relevant production licences and the Company's own assessments of the reserves. Reserves and resources are by their nature uncertain in respect of the inferred volume range.

There is uncertainty in the evaluation of estimates of economically recoverable reserves and is related to the ability to bring estimates into actual production. The estimated reserves, resources and cash flows embedded in such evaluations could be reduced to the extent that such activities do not achieve the expected value creation, and such reductions may have a material adverse effect on the Company's business, results of operations, cash flows and financial condition.

Many of the factors in respect of which assumptions are made when estimating reserves and resources are beyond the Company's control and therefore these assumptions may prove to be incorrect over time. Moreover, different geoscientists and reservoir engineers may make different estimates of reserves based on the same available data. Also, effects of regulations adopted by governmental agencies, future operating costs, royalties, tax on the extraction of commercial volumes, development costs and work-over and remedial costs represent further variables and assumptions that will further influence the estimation of reserves and resources.

The Company allocates substantial resources to analysing and understanding its reservoirs and continuously monitors, updates and stress tests its resource models. Furthermore, the Company applies a set of project decision criteria to ensure that assets are as robust as possible before making investment decisions.

Diversification risk

The Company's current production of hydrocarbons comes from one joint field area with integrated use of facilities, infrastructure and export routes. If mechanical or technical problems, extreme weather events, shutdowns or other events or problems affect the current or future production on any of the Company's fields, it may have a direct and significant impact on the whole or a substantial portion of the Company's production and this may result in material adverse effects for the Company, including on the Company's ability to fulfil its obligations, make new investments and raise further financing. In particular, the facilities on the Company's fields have been producing for several years, increasing the risks related to production and subsequent sensitive cash flow, loosing key wells, infrastructure robustness with regards to harsh environments, metocean conditions, corrosion, wear, technical integrity of critical systems, equipment and ageing/ obsolescence of systems, instruments, equipment and automated (IT) systems.

HSE risk

The Company's health, safety and environmental (HSE) policy requires that all operations are to be completed without harm to the people involved, with minimum impact on the environment and without damaging assets.

There are inherent risks embedded in oil and gas exploration and production activities. These operational risks are controlled by the field operator to an acceptable level by a proactive organisation and tailor-made risk management system (as low as reasonably practical (ALARP) principle). KENAS has a 'see to it' duty to ensure that operators' risk management systems are sufficiently robust to identify, analyse, evaluate, treat and monitor operational risks.

Financial risks

Through risk management, KENAS evaluates hedging instruments, liquidity considerations and insurance coverage. The Company has insured its pro-rata exposure on the NCS in line with the best industry practices and has offshore insurance programmes covering loss of production, physical damage, control of well and third-party liability (non-exhaustive).

The Company is exposed to market fluctuations in commodity prices and foreign exchange (FX) rates. The interest rates on the issued bonds are fixed. The Chief Financial Officer (CFO) of the Company is responsible for monitoring, managing and reporting on the Company's financial risks. The management team and the Board of Directors are involved in the decision making when derivative contracts are entered into.

Risk of changes in taxation and regulations

There is no assurance that future political conditions in Norway will not result in the Government adopting different policies for petroleum taxation. In the event of changes to this tax regime, it could lead to new investments being less attractive and challenge further growth of the Company. Furthermore, the amounts of taxes could also change significantly because of new interpretations of the relevant tax laws and regulations or changes to such laws and regulations. In addition, tax authorities could review and question the Company's tax returns leading to additional taxes and tax penalties that could be material. Changes to the Petroleum Tax Act (PTA) may result in changes that could affect our current and future tax positions, net income after tax and financial condition.

Commodity price risk

KENAS operates in the crude oil market and will, to a limited extent, operate in the natural gas markets when Balder Future comes onstream. Fluctuations in hydrocarbon commodity prices can consequently influence the Company's revenue.

The Company has not used commodity price hedging in 2024 (2023: gain of NOK 15.8 million ('Other revenue')).

Currency risk

Currency risks arise from multi-currency cash flows within the Company. The Company is exposed to foreign currency exchange risk related to its operating and capital expenditures, including financing costs. As revenues are denominated in USD, while investments and operating costs generally accrue in NOK, currency rate fluctuations represent both a direct and an indirect financial risk for the Company. However, the Company's net currency exposure was estimated to be approximately neutral following the temporary tax changes as the Company is receiving NOK denominated tax refunds. Consequently, the Company did not have any foreign exchange contracts on 31 December 2024. New positions may be entered into going forward.

Governance and Risk Management

Interest rate risk

The interest rate for the KENO01 is fixed at 10.25%, whereas the KENO02 bonds issued in March 2023, carry a fixed rate at 9.75%. Any drawdowns under the RCF agreement with Kistos plc carry a fixed rate at 5.5%. Currently, the Company does not have any borrowings issued with floating interest rate conditions exposing the Company to interest rate risk.

Credit risk

The Company considers its credit risk to be low, as its licence partners are creditworthy oil companies and cash, and cash equivalents are receivables from banks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations of financial liabilities when they become due. The Company's future capital requirements depend on several factors. If significant cash flow drivers develop negatively, the Company may need additional funds, debt or equity to support the Company's long-term strategy and/or to manage short-term liquidity risks. The Company carries out short-term (3–12 months) and long-term liquidity forecasts. These forecasts are updated regularly for various scenarios and form an integrated part of the Company`s management and the Board's decision basis.

From FY2022, the tax value of losses in the special tax basis are refunded as a yearly payment, payable in December the year after. As of 31 December 2024, the Company has calculated a tax receivable of NOK 746 million.

Based on the sources of liquidity available to the Company, the Board is of the opinion that sufficient liquidity is available to fund ongoing operations as well as the completion of the sanctioned project portfolio.

Portfolio risk

The Company continues to be an active and responsible partner in driving value in high-quality assets on the NCS. As part of this, the Company actively searches for and evaluates opportunities to make value-accretive investments (eg through acquisitions, farm-ins, swaps or other).

The Company has pursued field acquisition and mergers and acquisitions (M&A) opportunities offered in the market in structured processes as well as unsolicited bilateral approaches to companies with attractive fields and portfolios. Following the unprecedented number of new projects being launched with PDOs in the last few years, the Company expects more opportunities in the M&A and business development (BD) markets in the coming years. The ongoing consolidation on the NCS is also expected to continue.

External risks

The business environment in which the Company operates can change rapidly. The risks of fluctuations in commodity prices are addressed under financial risks. The Company also faces other external risks that could affect its financial position over time.

Recent years have shown how important and valuable energy is to society. Ongoing conflicts worldwide present potential threats to global political and economic stability. Such conflicts may exert influence on energy markets both directly through disruptions to supply and demand, through government-imposed sanctions and changes in global trading patterns and indirectly through changes in market behaviour caused by increased uncertainty. The Company's results will depend on future developments, which are highly uncertain and difficult to predict.

There can be no assurance that legislation, including tax regulations, will not be changed in a manner that could adversely affect the Company. There is also potential exposure from the response to climate change and environmental, social and governance (ESG) initiatives. The Company aims to develop a portfolio of assets that remains resilient as the Government's response to climate change evolves.

IT security and cyber security risk

As in all industries, there is potential for cyber intrusion leading to financial loss, information data loss, data privacy infringement and system irregularities. International conflicts, such as the ongoing war in Ukraine, could potentially lead to increased risk of cyberattacks. Technological development and artificial intelligence are providing new means of criminal acts.

The Company is applying IT policies and practices as advised by the external IT service provider. IT and cyber security are a priority at KENAS, phishing being an area of repeated training and awareness. No IT or cyber security breaches were recorded in 2024.

Corporate governance and ESG

Requirement for continued operation

The Board of Directors believes that the financial statements give a true picture of KENAS' assets and liabilities, financial position and results.

With regards to the Norwegian Accounting Act, Section 3-3a, the Board of Directors has performed an assessment of the Company's cash flows and its financial and liquidity position and prospects. Section 3-4 of the Private Limited Liability Companies Act requires that companies at all times must have sufficient equity and adequate liquidity.

The Company's book value of equity is negative by NOK 350 million at the end of 2024.

During the next few years, new projects, including Balder Future, will commence operations and yield positive financial results.

The initial two-thirds of the USD 45 million Hybrid Bonds have been cancelled in the first quarter of 2025, and the Company is expecting that the last third of the bond will be cancelled beginning of June 2025. The effect, approximately USD 45 million, will be recorded directly against equity as debt forgiveness. In total, a positive effect of NOK 447 million on equity is estimated in 2025.

The cash balance by year-end, combined with operational cash flow from operations and the USD 100 million RCF made available by the parent company, is deemed sufficient.

However, as the profit and cash flow from producing fields is highly dependent on oil and natural gas prices, there is risk related to a potential drop in oil and gas prices as well as risk related to timing of liftings of oil, which could have a negative impact on liquidity and the company's financial performance. The Balder Future project has experienced significant delays and cost over-runs in the past. Following sail away from the Rosenberg Worley yard on 13 March 2025, the Company is expecting that the project will be completed according to the updated schedules provided by the operator.

The Board of Directors is not aware of any factors that materially affect the assessment of the Company's financial position as of 31 December 2024, or the result for 2024, other than those presented in the Board of Directors' Report or that otherwise follow from the financial statements.

The Board of Directors concludes that there is sufficient basis for going concern.

The Board of Directors proposes that the net loss is allocated to retained earnings/uncovered loss.

Working environment and employees

KENAS follows the regulation pursuant to the Norwegian Working Environment Act. The working environment and general welfare are considered to be good. No incidents or reporting of work-related accidents, resulting in significant material damage or personal injury, occurred during the year. The sickness absence in 2024 was 1.64% (2023: 0.7%), which is significantly lower than the national average of 6.8% (2023: 6.7%) in Norway. No substantial risks related to the Company working environment are identified.

The turnover in the Company is considered low, with one full-time equivalent (FTE) having left the Company in 2024 (7.1%). Each employee is essential to the Company's success and deliveries, and the Company recognises the importance of providing a stimulating work environment to attract and retain people with the right skills and attitudes.

Equal opportunities and discrimination

The Company aims to be a workplace with equal opportunities and is committed to being an attractive employer for all groups of prospective employees. Our policies and procedures include regulations to prevent gender discrimination related to salary, promotion and recruiting. At the end of 2024, the Company had 13 regular employees, four of whom are women.

Health, safety and environment

KENAS has a zero HSE incident policy. The Company, together with Vår as operator for the Balder JV and Ringhorne Øst Unit, works actively to ensure safe operations. The safety and health of individuals, the environment and protection of physical assets are an integral part of the Company's asset management. The Company's health, safety, environment and quality (HSE&Q) activities are set out to ensure that the JV activities follow the comprehensive HSE&Q petroleum regulations, including risk management and monitoring systems, run by the field operator. The operator is responsible for reporting discharge emissions to air and water.

KENAS has fulfilled its HSE&Q duties ('see to it' duty) as a participant in the Balder/Ringhorne licences during the period, conducting verifications independently and jointly with the operator.

For KENAS JV activities (Balder JV offshore operations and Balder Future project), KENAS experienced no major process incidents in 2024 (Tier1). For operational and project HSE incidents reported in 2024, a total of two incidents were defined as serious (2023: four incidents). The year-end 2024 Total Recordable Injury Frequency (TRIF)[1] was 2.3 for the offshore operations (2023: 0.7). For the Balder Future project, TRIF was 4.4 (2023: 2.5). By comparison, the 2024 NCS TRIF average for offshore activities was 5.8 (2023: 5.0).

For KENAS corporate activities, no incidents or reporting of work-related accidents or environmental spills, resulting in significant damage or personal injury, occurred during the year.

1 TRIF (Total Recordable Injury Frequency) – Incident frequency of medical treatment cases, restricted workday cases and lost workdays cases per million workhours

Governance and Risk Management

The Company's activities in 2024 have not adversely affected the environment.

KENAS is fully committed to a fair and sustainable future. The Company's policy states commitments within the areas of ESG. KENAS acknowledges the negative impact of our activities on the environment with respect to the emissions of greenhouse gases (GHGs) to air, emitted as part of the crude oil production process. KENAS is committed to the emissions targets from production on the NCS announced by Offshore Norge through the Konkraft alliance: 50% reduction by 2030, 70% reduction by 2040 and net zero by 2050 (with reference/comparison to the 2005 level).

In 2024, the average CO_2 emissions intensity (preliminary estimate) from KENAS' non-operated assets was 13.7 kg/boe (2023: 18.4 kg/boe).

KENAS actively evaluates the CO_2 emissions footprint as an integral part of our activities and policies. This principle is reflected in decision making related to potential acquisitions (M&A) and is also included as part of ongoing operational and project decisions.

Governance, sustainability, social responsibility and supply chain management

The foundation of good corporate governance is rooted in a sound company culture supported by adequate operational and financial control systems. The objective of corporate governance is to regulate the division of roles between shareholders, the Board and executive management more comprehensively than is required by legislation. The Board of Directors recognises and sponsors implementing efficient and effective governance to ensure long-term benefits for all the Company's stakeholders.

A Directors' and Officers' Liability Insurance is in place for the Board of Directors and the Chief Executive Officer (CEO) to cover legal liabilities based on their past, present and future actions, and omissions, including defence and legal costs. The cover also includes employees in managerial positions or employees who become named in a claim or investigation.

The Company's ultimate owner is Kistos Holdings plc, (Kistos LSE:KIST). Further, the Company has two bonds listed on the Nordic alternative bond market (Nordic ABM). This is a list of registered bonds, the rules for which are determined by Euronext Oslo in consultation with market participants.

The Company encourages transparency and aims for fair and equal treatment of all existing and future shareholders. It will seek to provide all existing and future investors with the necessary details to assess the fair value of the Company and the risks it faces.

The Company is subject to the Transparency Act. The Act shall promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the general public has access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions. The Act sets out an obligation for KENAS to conduct due diligence of its supply chain (*aktsomhetsvurderinger*). The due diligence shall be risk based and proportionate and shall comprise KENAS' potential high-risk suppliers. As preserved in our ESG Policy, KENAS is committed to respect the Bill of Human Rights and the International Labour Organization (ILO) conventions, including setting respectable labour standards and decent work for woman and men. This includes living wages in KENAS' associated operations and no acceptance of child labour or indecent labour conditions. Social sustainability and the respect for human rights is anchored at the top of our organisation and at Board level. Further, the Company has implemented a separate supplier due diligence process that outlines a suitable work process ensuring adherence to the Transparency Act. The process includes inter alia background check of suppliers and negotiating human rights contract clauses in agreements with suppliers that may entail an inherent exposure to human rights breaches.

The Company regularly conducts a risk assessment of its supply chain. Based on the risk assessment, we cannot see that it has contracted any suppliers that directly or indirectly entail an elevated risk for human rights breaches. The Company's supplier due diligence process is used as a tool to identify human rights risk factors associated with new suppliers.

Vår, as operator of Balder JV and Ringhorne Øst Unit, conducts sourcing and procurement to the field operations on behalf of the licensees, including KENAS.

Research and development

Through the licence participation in the Balder JV and Ringhorne Øst Unit, the Company contributes to research and development (R&D) in accordance with the licence participating agreement.

Anti-corruption and bribery

The Company has a zero tolerance for bribery and corruption. This is not only a cultural and moral commitment made by the Company but is also a legal requirement. The Company policies for anti-bribery and corruption and the Code of Business Conduct (the Code) are held in high regard by the Company. All employees and in-house consultants are required to sign the policies. It is the responsibility of each signatory to comply with both the letter and intent of these policies. The Code of Business Conduct is the roadmap that puts values into action, ensures continued success and safeguards the Company's reputation. It provides a benchmark for acting responsibly and with integrity, respecting the laws and regulations, traditions and cultures of the countries in which we operate.

KENAS welcomes and encourages the reporting of any concerns about Company activities or practices, including those of contractors and industrial partners who are, or appear to be, in breach of the Code. For breaches or violations of the policies, reporting lines are described in detail in our Company procedures. No reports on policy breaches or violations were made in 2024.

With respect to risk of corruption and bribery, all the Company's contractors, service providers and vendors are reputable, and most are Norway-based companies.

Payments to governments

According to the Norwegian Accounting Act Section 3-3d pertaining to companies in the extractive industry, the Company is required to disclose payments to governments per country and project annually. The Company made the following payments to the Norwegian authorities in 2024:

- Area fee per licence paid by operators to Norwegian Petroleum Directorate authorities on behalf of the JVs (the Company's net share figures): 2024: NOK 662,850 (2023: NOK 651,650); and
- Tax payments made to Norwegian authorities in 2024: nil (2023: nil).

Future challenges and outlook

With the Jotun FPSO sail away on the 13 March 2025, a major milestone in the Balder Future programme has been achieved. Production start-up is planned by the end of the second quarter of 2025. The project is a key enabler to continue to deliver future value in the Balder Area. The project will secure production from the Balder Area beyond 2045, and the Jotun FPSO will be an area host, enabling future growth opportunities.

The Balder Phase V project has been sanctioned, including the planned drilling of six production wells to utilise the remaining subsea template well slots to capture gross 2P reserves in the range of 34–38 MMboe. Drilling of these wells will commence in the first half of 2025 and first oil from the initial wells is expected towards the end of 2025. In addition, the Balder Phase VI project is being matured, with planned project sanction in 2025. The project has a recoverable resource range of 7–16 MMboe gross. This will be developed with a single multilateral well subsea tied-back to the Jotun FPSO. There remains a significant additional resource upside in the area and further exploration drilling and tie-back development phases are being planned.

The global oil market is highly volatile, with price fluctuations driven by geopolitical events and demand-supply imbalances. As a small Norwegian oil company, KENAS must navigate these uncertainties while maintaining profitability.

Over time, Norway has nurtured the oil and gas industry well – stable framework conditions, regulations promoting low emissions production, combined with continued access to new exploration acreage – with strong backing from Parliament and Government and industry and labour organisations. This provides a competitive advantage on the global stage and makes the NCS ideal for long-term investments in this industry.

Alongside the energy transition, oil and gas will remain essential for global energy needs over the medium and long term. The increasing importance of AI, retaining competence and attracting new talents combined with ESG requirements, demand strategic adaptation. Norway is a front runner and has stringent environmental regulations aimed at reducing carbon emissions. The industry's ability to adapt to new regulations and society expectations at large will be key to long-term sustainability.

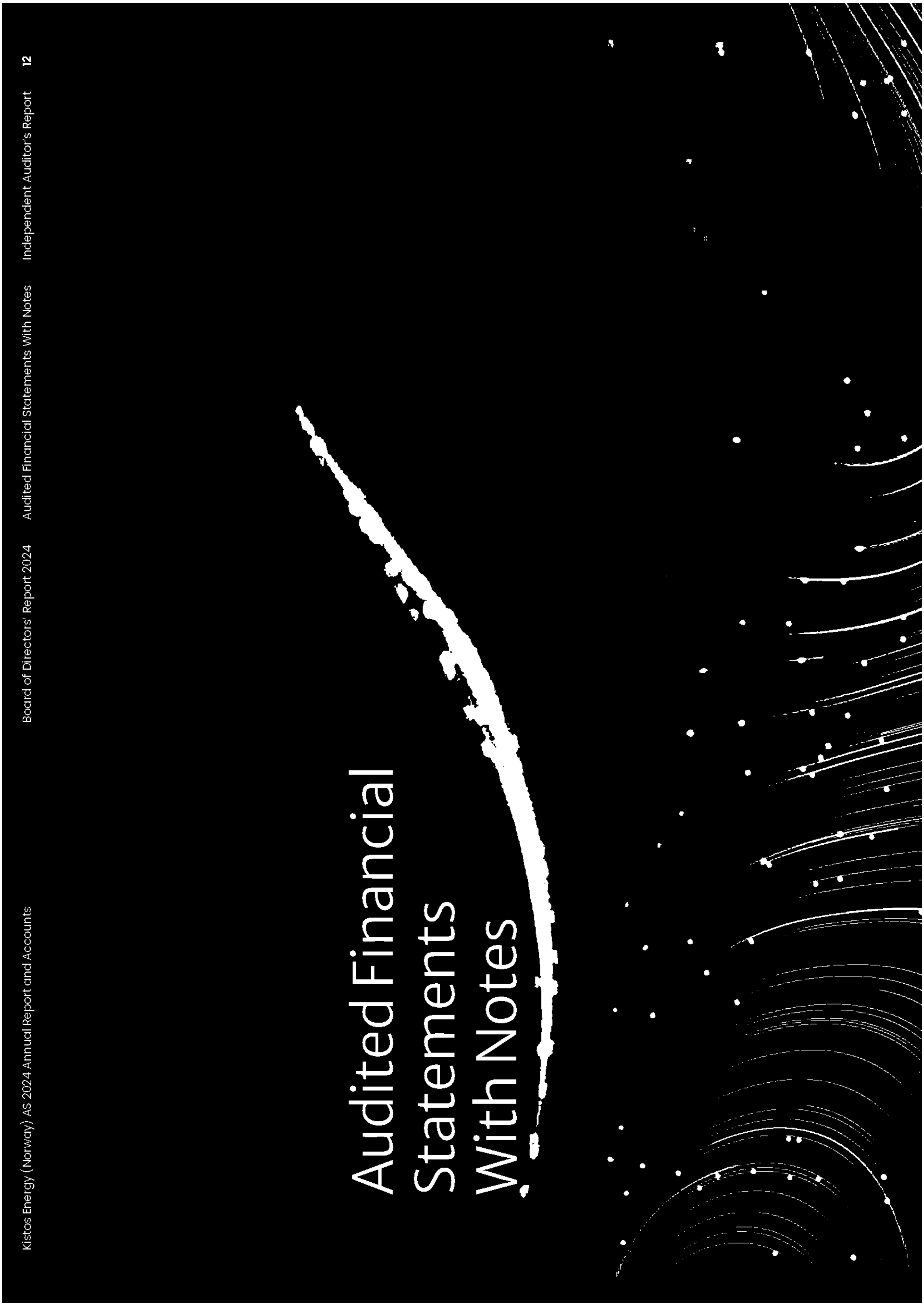
The Company operates on the NCS and markets its petroleum products to customers in Europe. While not directly exposed to Russia's invasion of Ukraine or other regions with unrest, there is still uncertainty regarding the potential impact on safe and reliable energy supply, potential interruptions of supply chains and third-party services, as well as to the market prices of oil, gas and other commodities that may impact future operations and results.

Kistos Energy (Norway) AS (KENAS) remains committed to being an active and responsible partner, participating in the development of oil and gas resources on the NCS to the benefit of its shareholders, its employees and the Norwegian society.

Lysaker, 14 April 2025

Andrew Austin
Chairman of the Board

Sverre Skogen
Board member/CEO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Income statements

NOK '000	Note	2024	2023
Sale of crude oil		944,030	636,058
Other revenue		2,812	13,760
Total operating revenue	2	**946,842**	**649,818**
Production cost	3	(291,488)	(289,257)
Exploration costs	3	(1,250)	(17,152)
Changes in inventory and over/underlift		(88,318)	61,629
Decommissioning cost	3, 15	(39,830)	(24,328)
Ordinary depreciation	8, 9	(384,464)	(300,327)
Impairment	11	1,700	(17,500)
Employee benefit expenses	4	(45,695)	(77,611)
Other operating and administrative expenses	5	(26,170)	(67,579)
Total operating expense		**(875,515)**	**(732,125)**
Profit/(loss) from operating activities		**71,327**	**(82,307)**
Interest income		47,245	33,283
Interest expenses		(288,345)	(261,350)
Net foreign exchange gain/(loss)		(309,219)	(59,851)
Net other financial income/(expenses)		(258,030)	(135,962)
Net financial items	6, 14	**(808,349)**	**(423,881)**
Profit/(loss) before income tax		**(737,022)**	**(506,187)**
Income tax	7	54,966	106,516
Net profit/(loss)		**(682,056)**	**(399,672)**
Allocation of net profit/(loss):			
Uncovered loss		**(682,056)**	**(399,672)**

Balance sheets

NOK '000	Note	31 December 2024	31 December 2023
Assets			
Fixed assets			
Intangible fixed assets			
Capitalised exploration wells	8	58,533	58,469
Other intangible assets	8	492	2,312
Total intangible fixed assets		**59,025**	**60,781**
Tangible fixed assets			
Production facilities	9	6,334,455	5,334,746
Other property, plant and equipment	9	193	296
Total tangible fixed assets		**6,334,649**	**5,335,042**
Financial fixed assets			
Other financial assets		8,615	6,229
Total financial fixed assets		**8,615**	**6,229**
Total fixed assets		**6,402,289**	**5,402,051**
Current assets			
Inventory and underlift		52,827	78,557
Trade and other receivables	10	24,978	114,351
Tax receivable	7, 10	745,946	903,152
Other current assets	11	88,217	92,222
Cash and cash equivalents	12	212,555	164,274
Total current assets		**1,124,523**	**1,352,556**
Total assets		**7,526,812**	**6,754,607**

Balance sheets continued

NOK '000	Note	31 December 2024	31 December 2023
Equity and liabilities			
Equity			
Paid-in capital			
Share capital		11,917	11,917
Share premium		1,179,748	1,179,748
Other paid-in capital		1,501	–
Total paid-in capital		**1,193,166**	**1,191,665**
Retained earnings/(uncovered loss)		(1,543,233)	(861,178)
Total equity	13	**(350,068)**	**330,487**
Non-current liabilities			
Deferred tax liability	7	3,458,618	2,769,671
Interest-bearing loans and borrowings	14	2,900,468	2,387,442
Other long-term liabilities	14	8,615	238,150
Asset retirement obligation	15	797,697	846,538
Total non-current liabilities		**7,165,399**	**6,241,801**
Current liabilities			
Trade payables	16	25,526	31,134
Short-term non-interest-bearing debt	14	447,247	–
Public duties payable		2,854	2,848
Other current liabilities and overlift	16	235,854	148,337
Total current liabilities		**711,481**	**182,319**
Total liabilities		**7,876,880**	**6,424,120**
Total equity and liabilities		**7,526,812**	**6,754,607**

Lysaker, 14 April 2025

Andrew Austin
Chairman of the Board

Sverre Skogen
Board member/CEO

Statement of changes in equity

NOK '000	Share capital	Share premium	Other paid-in capital	Total paid-in capital	Retained earnings	Total equity
Equity at 31 December 2023	**11,917**	**1,179,748**	**–**	**1,191,665**	**(861,178)**	**330,487**
Equity at 1 January 2024	**11,917**	**1,179,748**	**–**	**1,191,665**	**(861,178)**	**330,487**
Net profit/(loss) for the year 2024	–	–	–	–	(682,056)	**(682,056)**
Share-based payment reserve	–	–	1,501	1,501	–	**1,501**
Equity at 31 December 2024	**11,917**	**1,179,748**	**1,501**	**1,193,166**	**(1,543,233)**	**(350,068)**

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Statements of cash flows

NOK '000	Note	31 December 2024	31 December 2023
Cash flows from operating activities			
Profit/(loss) before income tax		(737,022)	(506,187)
Adjustments:			
Income tax received		901,120	837,406
Depreciation, depletion and amortisation		384,464	300,327
Impairment	11, 9	1,700	(17,500)
Share-based payment scheme		1,501	–
Forgiven receivable against Mime Petroleum S.à r.l.	17	–	10,304
Expensed exploration costs previously capitalized		–	8,043
Interest and fees on borrowings	14	285,160	228,032
Accretion expense	14, 15	256,571	164,093
Foreign exchange on long-term debt	14	291,448	68,428
Change in trade and other receivables		131,244	(90,976)
Change in trade and other payables		70,446	(599)
Net cash flows from/(used in) operating activities		**1,586,633**	**1,001,370**
Cash flows from investing activities			
Investment in oil and gas assets		(1,456,366)	(1,451,648)
Investment in exploration and evaluation assets		(64)	(275)
Other investments		(1,462)	(1,429)
Investment in furniture, fixtures and office machines		(47)	(104)
Net cash flows from/(used in) investing activities		**(1,457,938)**	**(1,453,456)**
Cash flows from financing activities			
Proceeds from borrowings	14	(18,712)	469,755
Interest and fees on borrowings	14	(61,688)	(95,376)
Loans to shareholder		–	–
Net cash flows from/(used in) financing activities		**(80,399)**	**374,379**
Net increase/(decrease) in cash and cash equivalents		**48,295**	**(77,707)**
Cash and cash equivalents at the beginning of period		164,274	241,981
Cash and cash equivalents at the end of the period	12	**212,569**	**164,274**

Notes to the Financial Statements

General information

Kistos Energy (Norway) AS (KENAS) is a private limited company incorporated and domiciled in Norway, with its main office in Bærum. The Company's address is Strandveien 50, 1366 Lysaker. The company was incorporated on 3 May 2017.

The Company is focused on hydrocarbon development and production on the Norwegian Continental Shelf (NCS).

Summary of significant accounting policies

Basis for preparation

The financial statement for 2024 have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway (NGAAP).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

The financial statements have been prepared under the assumption of going concern and on a historical cost basis, with some exceptions as detailed in the accounting policies set out below.

The financial statements of KENAS were approved by the Board of Directors and the Chief Executive Officer (CEO) on 14 April 2025.

Business segments

The Company's only business segment is the development and production of oil and gas on the NCS. Based on this, no segment note is presented, and this is in accordance with management's reporting.

Foreign currency

The functional currency of the Company is Norwegian Kroner (NOK). Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary assets and liabilities denominated in other currencies than NOK are translated into NOK using the exchange rate applicable on the balance sheet date. Exchange gains and losses are recognised as financial items in the income statement. Non-monetary assets that are measured at historical cost are translated using the exchange rate at the dates of the transactions. Equity transactions are translated at the exchange rate on the transaction date.

As of 31 December 2024, the relevant exchange rates were NOK/USD 11.3534 and NOK/GBP 14.2249 (31 December 2023: NOK/USD 10.1724 and NOK/GBP 12.9342).

Interests in oil and gas licences

The Company's interests in oil and gas licences on the NCS are recognised by including the Company's share of the joint ventures' (JV) assets, liabilities, income and expenses on a line-by-line basis with similar items in the Company's financial statements.

Business combinations

Determining whether an acquisition meets the definition of a business combination requires judgement to be applied on a case-by-case basis.

Business combinations are accounted for by using the acquisition method. Identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of the transaction. The acquisition date is the date on which the acquirer achieves control over the acquire/business and is set to be the completion date.

The valuation is based on currently available information on fair values at the acquisition date. Calculation of fair value has been obtained by discounting cash flows from future operations to get to the net present value (NPV). If new information becomes available within 12 months from the acquisition date, the Company may change the fair value assessment in the purchase price allocation.

Transfer of interests in petroleum licences on the NCS require approval from the Ministry of Petroleum and Energy (MPE) and the Ministry of Finance (MOF). Under such transactions the sale and purchase price are generally considered to be post tax as the consideration is not taxable for the seller and not deductible for the buyer. Thus, business combinations are accounted for after tax in accordance with Section 10 in the Norwegian Petroleum Tax Act (PTA). Technical goodwill and deferred taxes are consequently not recognised.

Upstream activities in the production phase will typically represent a business, whereas those at the exploration stage will typically represent an asset purchase. Projects that are at the development stage will require consideration of the stage of development and other relevant factors.

Use of estimates

The preparation of financial statements in accordance with the Norwegian Accounting Act and NGAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Financial statements are based on available information at the time of finalising the annual accounts. Actual results/outcome may differ from the estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. The effect of changes in accounting estimates is recognised in the same period as the estimates are changed.

Key areas where judgement, estimates and assumptions are applied:

- Acquisition of interests in joint ventures – fair value measurement

  Acquisition accounting is subject to substantive judgement by the management.

  The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. The fair value of oil fields in the production and development phase is normally based on discounted cash flow (DCF) models, where the determination of inputs to the model may require significant judgement, as described in the section regarding impairment.

- Oil and gas reserves and resources

  Oil and gas reserves and resources have been estimated on the basis of industry standards. The estimates are based on internal information and information received from the operator. Proven and probable oil and gas reserves consist of the estimated quantities of crude oil, natural gas and condensates shown by geological and technical data to be recoverable with reasonable certainty from known reservoirs under existing economic and operational conditions, ie on the date that the estimates are prepared. Current market prices are used in the estimates, except for existing contractual future price changes.

  Reserves are used to calculate the depreciation of oil and gas fields by applying the unit-of-production (UoP) methodology. These estimates are also used as basis for impairment testing of licence-related assets. Changes in petroleum prices and cost estimates may change reserve estimates and accordingly economic cut-off, which may impact the timing of assumed decommissioning and removal activities. Reserve estimates can also change over time due to revised and updated production and reservoir information. Future changes in oil and gas reserves can have a material effect on depreciation, life of field, impairment of licence-related assets and operating results.

- Provisions for future decommissioning and removal expenditures

  The Company has obligations to decommission and remove offshore installations at the end of the production period. Estimating the costs of decommissioning/removal activities is challenging, and relevant risks and uncertainties, as well as potential changes to technology and regulations, need to be considered. Most of the removal activities are expected to take place many years into the future and removal technology and costs are constantly changing. As a result, estimating decommissioning obligations involves significant judgement.

  Estimates used in establishing a provision for future decommissioning and removal expenditures are based on current legal and constructive requirements as well as current technology and price levels for removal of facilities and plugging and abandonment of wells. As a result, the initial recognition of the liability, the capitalised cost associated with decommissioning and removal obligations and the subsequent adjustment of these balance sheet items, involve the application of significant judgement.

- Income taxes

  The Company is mainly subject to income taxes under the Norwegian Petroleum Tax jurisdiction. Judgement is required in determining the provision for income taxes. During the ordinary course of business, transactions and calculations occur for which the ultimate tax effect is uncertain. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. In cases where the final outcome of such issues differs from the amounts initially recognised, the differences are recognised in the income tax and deferred tax provisions in the period when the final tax assessment has been resolved.

  The accounting of deferred income tax assets relies upon the management's judgement of the Company's ability to generate future positive taxable income in each respective jurisdiction.

- Impairment testing of production and processing facilities

  For the purpose of determining a provision for impairment, the estimated recoverable amount, based on a DCF analysis, is based on estimated future performance of operations, discounted at an appropriate discount rate. Key assumptions relate to prices and estimated future costs, based on forward curves and long-term corporate assumptions, as well as expected production volumes. Assumptions are typically those prevailing at the balance sheet date, unless information subsequent to the balance sheet date provides additional evidence of a potential change to the asset's value or condition that existed at the reporting date.

  The underlying assumptions and the judgement of management based on these are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates, and the discount rate applied is reviewed throughout the year.

Measurement and classification of assets and liabilities

Current assets and current liabilities consist of receivables and payables due within one year, items related to the inventory cycle and assets not determined for permanent ownership and use. Other balance sheet items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognised at nominal value at the time of the transaction.

Fixed assets are recognised at historic cost less depreciation and any impairment losses. Long-term liabilities are recognised at nominal value.

Revenue recognition

Revenues associated with the sale and transportation of petroleum products are recognised when the risk passes to the customer, which normally is when title passes at the point of delivery of the goods, based on contractual terms of the agreements. For crude oil, the point of delivery is at the offshore loading point or at shipment from a terminal. The point of delivery for gas is at the gas receiving terminal onshore.

Revenues from oil and gas licences, in which the Company is a partner, are recognised on the basis of volumes lifted and sold to customers during the period. Lifting or offtake arrangements for oil and gas produced in the Company's jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. When the Company has lifted and sold more than the ownership interest, an accrual is recognised for the production cost of the overlift. When the Company has lifted and sold less than the ownership interest, costs are deferred for the underlift.

'Other revenue' is recorded at the time of delivery.

Exploration and R&D costs

Exploration costs are accounted for in accordance with the Successful Efforts method (SE). Exploration costs will for example include costs for topographical and geophysical studies (G&G), costs related to undeveloped areas, cost of drilling exploration/exploration appraisal wells and evaluation costs. Under the SE method, all costs associated with the exploration of licences/exploration wells are expensed as incurred, with the exception of drilling and testing costs. Costs related to exploration wells in progress are capitalised as intangible assets pending the evaluation of the potential existence of oil and gas reserves. If reserves are not found, or discoveries are assessed not to be commercially recoverable, the drilling costs are expensed as exploration expenses.

Exploration costs can remain capitalised for more than one year. The main criterion for continued capitalisation is that there must be specific plans for future drilling in the licence, a development decision is expected in the near future, or the well is pending capacity on existing infrastructure. Other exploration and research and development (R&D) costs are expensed as incurred.

Property, plant and equipment

Oil and gas assets

All offshore development costs are capitalised from the time when a discovery is deemed to give future commercial production. Development costs are depreciated in accordance with the UoP method, based on the ratio between annual production quantity and the proven and probable reserves. Certain future investments are required to produce the remaining estimated producible reserves, and these future investments are included in the depreciation base. The resulting UoP depreciation charge is estimated to be equal to the depreciation of current investments over the reserves exploitable from the current investments. The reserve basis used for depreciation purposes is updated at least annually. Any changes in the reserves and/or cost estimates that affect the UoP depreciation rates are accounted for prospectively.

Oil and gas assets are tested for impairment if there are indicators of a loss of value. Indications of impairment may be a decline in oil price, change in future investments or changes in reserve estimates. The assessment is performed on a cash-generating unit (CGU) level, which is typically the field or licence level. If the carrying value exceeds the estimated recoverable amount, the asset is written down to the recoverable amount in the event of impairment that is not expected to be of a temporary nature. The recoverable amount is the greater of the net realisable value and value in use. The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. Previous impairment is reversed if the basis for impairment is no longer present.

Costs for ordinary maintenance and repairs are expensed as incurred, whereas costs for improving and upgrading production facilities are added to the acquisition costs and depreciated together with the related asset.

Other intangible assets

Costs related to other intangible assets (such as software and seismic licences) are capitalised and depreciated over the anticipated economical lifetime according to the straight-line method.

Furniture, fixture and office machines

Other assets are depreciated over the anticipated economical lifetime according to the straight-line method.

Leases (as lessee)

Leases, where the Company assumes most of the risk and rewards of ownership, are classified as financial leases. The Company does currently not have any such leases.

Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Leasing expenses under operating leases are charged to the income statement as current operating costs when incurred.

The Company has commitments pertaining to its ownership in partner-operated oil and gas fields where the operator has entered into lease agreements for rigs and supply vessels in the licence. These commitments are not recognised in the Company's statement of financial position. Please refer to note 19 in the financial statements for further details.

Trade and other receivables

Current receivables are recognised at nominal value, less provisions for expected losses. Provisions for expected losses are based on individual assessments of the different receivables.

Cash and cash equivalents

Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

Cost of equity transactions

Transaction costs directly linked to equity transactions are recognised directly in equity.

Interest-bearing debt

All loans and borrowings are initially recognised at transaction price, being the fair value of the consideration received net of costs directly associated to the establishment of the loan or issuance of debt. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the consideration received net of transaction costs and the redemption value is recognised in the income statement over the term of the loan.

Taxes

Income taxes include current tax payables, adjustment of prior years' payable taxes and changes in deferred taxes.

Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. Current tax is tax that is to be paid or received for the year in question and includes adjustments of current tax attributable to previous periods. Deferred income tax is a non-cash charge provided, using the full liability method, on temporary differences and their carrying values. Temporary differences can occur for example where investment expenditure is capitalised for accounting purposes, but the tax deduction is accelerated, or where site restoration costs are provided for in the financial statements but not deductible for tax purposes until they are actually incurred.

Deferred tax assets and liabilities are calculated on basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to exist when the assets are realised or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits/or tax increasing temporary differences will be available against which a deferred asset can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. Net deferred tax assets are recognised as intangible assets.

Companies engaged in petroleum production and pipeline transportation on the NCS are subject to the special provisions of the PTA. Taxable profits from activities on The NCS are liable to ordinary corporate tax and a special petroleum tax (SPT).

From FY2022, the special tax for petroleum activities is a cash flow tax. The legislation entails immediate expense of capital expenditures incurred for development of production facilities and pipelines in the special tax base, whereas the six-year linear depreciation rules are continued in the ordinary tax base.

Since a calculated 22% corporation tax is deductible in the special tax basis, the special tax rate has been increased from 56% to 71.8%[1] from 2022. The overall tax rate is maintained at 78%.

Tax depreciation

Investments can be immediately deducted in the special tax base. In the ordinary corporate tax base, tax depreciation of investments in pipelines and offshore production facilities are depreciated straight-line over six years (16 2/3% annually). Tax depreciation commences when the expenses are incurred. When a field stops producing, any remaining tax values may be deducted in that year.

Financial items

For tax purposes, interest expenses on interest-bearing debt are distributed between onshore and offshore activities. The tax allowance for offshore debt interests in the SPT is calculated as interest expense multiplied by 50% of the ratio between the tax value of the offshore assets (in the SPT basis) and the average interest-bearing debt. The remaining net financial expenses are allocated to the onshore ordinary tax basis. Uncovered losses in the onshore jurisdiction resulting from the distribution of net financial items can be reallocated to the offshore jurisdiction (corporate tax basis only).
Only 50% of other losses in the onshore jurisdiction are permitted to be reallocated to the offshore jurisdiction as deductions in the corporate tax basis. The reduced tax value of fixed assets following the immediate expense of capital expenditures will reduce the deduction for financial costs in the special tax base.

1 (0.56/(1-0.22)) = 0.718

Tax losses

As a consequence of the changes in the PTA effective from 1 January 2022, the cessation refund is no longer applicable. Any tax losses in the special tax scheme are reimbursed on a yearly basis in connection with the ordinary tax assessment (ie tax value of SPT loss originating in 2023 was refunded in 2024). Further, companies subject to special tax may, without time limitations, carry forward losses in the corporate tax basis. Deferred tax assets that are based on offshore and onshore tax losses carried forward are therefore normally recognised in full.

The tax position can be transferred on realisation of the company or in case of a merger.

Tax rates currently adopted for 2024 are used when calculating deferred tax per 31 December 2024.

Pensions

The Company is required to have a pension scheme in accordance with the Norwegian law (*lov om obligatorisk tjenestepensjon*).

The Company has established defined contribution plans for its employees. The contributions are expensed as they are incurred.

Net profit interest

The Norwegian State has large holdings in oil and gas licences on the NCS through the State's Direct Financial Interest (SDFI). The Balder, Ringhorne and Ringhorne Øst fields are subject to an agreement of net profit interest (NPI), as these fields are located in some of the first licences awarded on the NCS. Petoro, which is a state-owned limited company, manages the SDFI in the Norwegian oil and gas sector.

Calculation of the NPI is based on quarterly cash flows. Losses in a quarter can be offset against profits in subsequent quarters. NPI related to abandonment costs incurred after the production has ceased will be refunded by Petoro.

Inventories

Inventories consist of spare parts and equipment for drilling of exploration and production wells and are valued at weighted average cost (ie according to cost distributed through the joint interest billing for the licence). Provisions for obsolete stock are made when deemed necessary, based on information from the operator.

Over/underlift of petroleum

Overlift of petroleum products is valued at production cost, whereas underlift is valued at the lower of production cost and sales value.

Financial instruments

From time to time, the Company makes use of different financial instruments to control the financial risks.

Hedge accounting is applied for hedges that meet the criteria for hedge accounting. Realised gains or losses on hedging instruments are recognised when the underlying transaction is realised and presented on the same line as the underlying transaction in the income statement. Unrealised gains and/or losses on hedging instruments are not recognised in the financial statements on the reporting date. Reference is made to note 18.

Provisions

Provisions are recognised when an obligation arises, legal or constructive, as a result of a past event, and it is more likely than not that an outflow of resources is required to settle the obligation and a reliable estimate can be made of the amount.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised under interest and other financial expenses in net financial items in the income statement.

Contingent liabilities

Contingent liabilities are not recognised in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Asset retirement obligations

Annual provisions are made to meet future costs for decommissioning, abandonment and removal of installations. Asset retirement obligations (AROs) are calculated at NPV in accordance with NRS 13 Contingent Liabilities and Contingent Assets.

Cost is estimated based on current regulations and technology, considering relevant risks and uncertainties.

The NPV of the asset retirement costs is entered in the balance sheet as part of the acquisition cost of the tangible asset and depreciated as part of this. The provision corresponds to the NPV of the asset retirement obligation over the total economic lifetime of the asset. The discount rate used in the calculation of the NPV of the ARO obligation is determined using a risk-free rate adjusted for the relevant time horizon of the underlying cash flows. Changes in the time element (accretion expense) of the ARO are expensed annually as a financial item and increase the asset retirement obligation in the balance sheet. Any changes in cost estimates are recorded as an adjustment to the liability and the corresponding asset.

Statements of cash flow

The statements of cash flow are prepared and presented using the indirect method. Cash and cash equivalents include bank deposits and other short-term cash deposits.

Events after the balance sheet date

The financial statements are adjusted to reflect events after the balance sheet date that provide evidence of conditions that existed at the balance sheet date (adjusting events). The financial statements are not adjusted to reflect events after the balance sheet date that are indicative of conditions that arose after the balance sheet date (non-adjusting events). Non-adjusting events are disclosed if significant.

Financial risk management

Kistos Energy (Norway) AS (KENAS) activities expose the Company to market risk (including commodity price risk, currency risk and interest rate risk), liquidity risk and credit risk. The Company's approach to risk management includes assessing and managing risk with a focus on achieving the highest risk adjusted returns for the shareholders.

Commodity price risk

The Company operates in the crude oil market and is exposed to fluctuations in hydrocarbon commodity prices that can affect revenues. Commodity price risks represent one of the Company's critical risks going forward. From time to time, cash flows from the sale of crude oil are secured through commodity price hedging in order to manage this risk.

Currency risk

Currency risks arise from multi-currency cash flows within the Company. KENAS is exposed to foreign currency exchange risk on its purchase and sales, including financing costs that are denominated in currencies other than NOK. Currency risks can be secured through the use of hedging instruments such as forward sales/purchase contracts. The Company did not have any foreign exchange contracts on 31 December 2024. New positions may be entered into going forward.

Interest rate risk

The current USD bonds carry a fixed interest. See note 14 for information about the interest rate conditions on long-term debt.

See note 18 for further information about any commodity price hedging, currency risk hedging and/or interest rate hedging.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The purpose of liquidity management is to make certain that the Company always has sufficient funds available to cover its financial liabilities. To identify current and future financing needs, the Company carries out short- (next four weeks), mid- (6–12 months) and long-term forecasts to plan the Company's liquidity. These forecasts are regularly updated for various scenarios and form part of the decision basis for the Company's management and Board of Directors.

At year-end, the Company's debt financing includes senior secured bonds of in total USD 260 million and USD 45 million of subordinated Hybrid Bonds subject to conditional repayment. The Company also has access to short-term liquidity through an intercompany revolving credit facility (RCF) limited to USD 100 million. At year-end, the Company had no drawdowns under the RCF agreement. In addition, the Company had cash balances at NOK 213 million. Reference is made to notes 14 and 18 in the financial statements for further details.

Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and financial institutions. There are also minor credit exposures related to trade receivables and overcall in JVs.

The Company considers its credit risk to be low, as its licence partners are creditworthy oil companies and cash, and cash equivalents are receivables from banks.

Climate-related risk

Since production started on the NCS in the early 1970s, the oil and gas sector has grown into Norway's largest industry measured by government revenues, investment and export value. Petroleum activities have contributed significantly to economic growth in Norway and to financing the Norwegian welfare system. Activity on the NCS will continue to be vital to the national economy in the years ahead. While global energy demand is expected to grow significantly over coming decades, emissions need to be materially reduced in order to meet the goals of the Paris agreement.

Joint operating agreements (JOAs) between licence partners is mandatory in the oil and gas industry. In a production licence (PL), and as mandated by the JOA, one company is assigned the status of the operator, and each partner holds a percentage of equity as a licensee. This distinction is important, since the operator is responsible for the day-to-day management of activities within the licence, while the licensees have a reduced level of control. However, licensees on the NCS have a 'see to it' duty – an obligation to ensure that the operator carries out its work in accordance with the regulatory requirements. Licensees who have been awarded PLs on the NCS are carefully assessed in advance and prequalified by the Norwegian regulators – in part on the basis of their expertise, capacity and willingness to discharge the responsibilities of a licensee. The JV structure enables experience transfer, supervision of the operator's activities and enhanced decision-making.

A licensee on the NCS has a responsibility to take action if it identifies conditions that fail to comply with Norway's health, safety and environmental (HSE) regulations for the petroleum sector. It also has an independent duty to secure adequate information and to audit the operator as necessary. The licensee must take a risk-based approach in its 'see to it' duty and establish a management system to structure its supervisory work in a systematic manner.

As a responsible energy producer, KENAS recognises the growing impact of climate-related risks on our business operations, financial performance and long-term strategy. Climate change and the global transition towards a lower-carbon economy present both challenges and opportunities for the oil and gas sector. The Company takes its responsibility as a licensee very seriously and aims to be recognised as an active and responsible partner also in regard to climate change risk.

Climate-related risk can be divided into two major categories:

- Transition risk related to anticipated transition to a lower-carbon economy; and
- Physical risk related to the physical impacts of climate change.

KENAS assesses physical risks from climate change as less material to its business and more manageable. Transition risk is deemed most relevant for financial reporting.

In order to minimise the exposure to transition risk, KENAS is committed to the CO_2 emissions reduction targets from production on the NCS, announced by Offshore Norge through the Konkraft industry cooperation in 2021. The industry target is 50 % reduction by 2030, 70 % reduction by 2040, and net zero by 2050 (year 2005 as baseline).

The Company has put in place the following actions to align with the industry targets:

- The refurbishment of Jotun floating production storage and offloading vessel (FPSO), including preparation to import power from shore or offshore wind;
- Reduction of the environmental footprint on Balder Future by re-using existing infrastructure;
- Energy management and reduced flaring;
- Implementation and promotion of new, low-carbon technologies in operations and business activities;
- Ongoing assessment for the potential electrification the Balder field (Jotun FSPO and Ringhorne Well Head Platform (WHP)).

Although the mitigating actions above could limit the exposure, the Company's financial reporting may be significantly impacted by the transition risk.

The results of the development of initiatives to limit climate changes, and the degree to which KENAS' operations will be affected by them, are sources of uncertainty. Estimating global energy demand and commodity prices towards 2050 is a challenging task, as this comprises assessing the future development in supply and demand, technology change, taxation, tax on emissions, production limits and other important factors. The assumptions may change over time, which could materialise in different outcomes from the current projected scenarios.

Note 1: Significant transactions

There have not been any significant transactions affecting the financial statements in 2024, nor in 2023.

Note 2: Revenues

During 2024, the Company's crude oil production was sold to ENI Trading & Shipping and to Shell International Trading and Shipping Company Ltd. on a long-term contract, in total 1.1 million barrels (2023: 0.74 million).

NOK '000	Norway	EU	Other	2024	2023
Revenue from crude oil sales	944,030	–	–	944,030	636,058
Revenue from gas sales	–	–	–	–	–
Total petroleum revenue	**944,030**	**-**	**-**	**944,030**	**636,058**
Gain/(loss) on derivatives	–	–	–	–	15,283
Gain/(loss) on sale of assets	–	–	–	–	–
Other revenue	–	796	2,016	2,812	(1,523)
Total revenue	**944,030**	**796**	**2,016**	**946,842**	**649,818**

Revenue is split by place of delivery.

Key operational figures		2024	2023
Production	boe[1]	1,002,874	789,708
Average production per day	boe[1]	2,740	2,164
Average oil price, net of hedging	USD/bbl[2]	78.33	79.95
Volumes sold	boe[1]	1,103,628	741,909

1 boe = barrel of oil equivalent
2 bbl = barrel of oil

Note 3: Exploration and operating expenses

NOK '000	2024	2023
Production cost	262,920	260,722
Environmental taxes	11,291	17,145
Offshore insurance	6,451	11,749
Other production costs	10,825	(359)
Production cost	**291,488**	**289,257**
Over/underlift and physical stock adjustment	88,318	(61,629)
Decommissioning cost	39,830	24,328
Total production and decommissioning expenses	**419,636**	**251,956**

Decommissioning costs comprise incurred plugging and abandonment costs for Ringhorne Phase III wells.

NOK '000	2024	2023
Expensed cost, geological and geophysical	1,223	813
Expensed cost, seismic and studies	153	9,137
Expensed cost, other[1]	(126)	7,202
Total exploration expenses	**1,250**	**17,152**

1 Settlement of audit claim related to 2019-21

Drilling and testing costs for wells where discovery is deemed successful and/or the status of discovery is pending has been capitalised.

Note 4: Salary and personnel costs, number of employees and audit fees

NOK '000	2024	2023
Payroll expenses	32,268	58,572
Social security tax	6,285	10,410
Pension costs	4,391	4,715
Board fees	–	3,026
Other personnel expenses	2,752	887
Total employee benefit expenses	**45,695**	**77,611**
Average number of full-time equivalents	13.33	14.75

Salaries include bonuses in addition to base salary and holiday pay. The increase in payroll expenses in 2023 was mainly attributable to one-off costs related to payment of various transaction bonuses.

If certain objectives are met, all employees are granted an annual bonus as a percentage of their total base salary in the range of 0–50%. It is up to the Board to decide whether to pay bonuses on the basis of the previous year's performance. In 2024, an accrual has been made for the annual bonuses amounting to NOK 6.96 million, including the employer's fee (2023: accrual of NOK 7.4 million). The annual bonuses for 2023 were disbursed in January 2024, whereas the annual bonuses for 2024 were disbursed in January 2025.

From 2024, all employees participate in a cash-settled share appreciation rights (SARs) scheme. This is a compensation arrangement in which the ultimate parent company, Kistos Holdings plc, has granted the Company's employees rights to receive future cash payments based on the Kistos share performance (LSE: KIST). The awarded rights are vested over three years from August 2024 with one-third per year and awarded at a strike price of GBP 0.13/right. A fair value of the allocated SARs has been calculated using a Black-Scholes formula, giving a cost of NOK 1.5 million for KENAS in 2024. The Kistos share price on 31 December 2024, was GBP 0.105. The total outstanding number of SARs on 31 December 2024 was 561,009.

Pensions

The Company has a defined contribution pension plan for its employees that satisfies the statutory requirements in Norwegian law. The Company has a commitment to pay an annual contribution for each employee of 7% of the base salary up to 7.1 times the base amount (G) in accordance with the Norwegian Social Security Act, and 25.1 % of the base salary between 7.1 and 12 times the base amount. In addition, the Company has set up a disability insurance arrangement.

As of 31 December 2024, the Company's defined contribution scheme had 13 members (31 December 2022: 14 members). Costs related to the defined contribution plan amounted to NOK 3,105,286 in 2024 (2023: NOK 3,251,562).

The Company also has a funded pension scheme for employees with salaries in excess of 12 times the base amount. Qualified employees are entitled to a yearly contribution to the funded pension scheme of 25% of the base salary that exceeds 12 times the base amount. The future pension liability for the Company is limited to the total yearly contributions. Costs related to the funded pension scheme in excess of 12G amounted to NOK 1,467,132 in 2024 (2023: NOK 1,427,716).

Remuneration to CEO/Executive Chairman and Board of Directors

NOK '000	**2024**	2023
Salary including bonus	2,669	9,860
Pension scheme costs	297	277
Other remuneration	42	35
Total remuneration to CEO	**3,008**	**10,172**

Like other company employees, the CEO is part of the bonus scheme with annual benefit ranging from 0–50% of base salary, depending on certain performance-related criteria.

In the event of a reorganisation and/or downsizing process, the CEO is entitled to a severance payment if the employment is terminated on the basis of circumstances relating to the Company or an acquiring company.

The CEO is also allocated cash-settled SARs on the same terms as other employees.

Members of the Board received no remuneration in 2024 (2023: NOK 3.026 million).

No loans/guarantees have been given to the CEO/Chairman of the Board or other Board Members.

Salaries and other remuneration related to participation in licences

Salaries charged to the Company's income statement through licences where the Company has an ownership share are not classified as salaries but are included in exploration and production expenses or capitalised as part of developments.

Remuneration to auditors

Expensed remuneration to the auditors is as follows (excluding VAT):

NOK '000	**2024**	2023
Statutory audit	1,655	1,553
Other services	133	137
Total	**1,788**	**1,690**

Note 5: Other operating and administrative expenses

NOK '000	**2024**	2023
Travel and transportation costs	919	744
Rental and lease expenses	2,550	2,620
IT expenses	3,418	3,437
Legal services	1,715	7,348
Other consultancy services	15,832	51,078
Other operating costs	1,736	2,351
Total other operating and administrative expenses	**26,170**	**67,579**

Other consultancy services mainly relate to external services required for Balder/Ringhorne operations, corporate assistance and in connection with business development processes.

Note 6: Financial income and costs

NOK '000	2024	2023
Interest income	47,245	34,250
Total financial income	**47,245**	**34,250**
Interest expenses	(288,345)	(261,350)
Amortised loan costs	(231,236)	(135,423)
Accretion expenses	(25,335)	(28,670)
Net other financial income/(expenses)	(1,459)	27,164
Total financial expense	**(546,375)**	**(398,279)**
Realised foreign exchange gain/(loss)	(24,650)	(95,570)
Net unrealised exchange gain/(loss)	(284,569)	35,719
Net financial items	**(808,349)**	**(423,881)**

Interest income relate to interest on bank deposits and tax receivable.

Interest expenses in 2024 mainly relate to paid and accrued interest on the KENO01 bonds and the KENO02 bonds.

Interest on the remaining part of KENO01 is payable in kind by issuance of new KENO01 bonds at the interest payment date. In total, USD 11,972,933 of new KENO01 bonds were issued on 15 December 2024. Interest for the remaining period of 2024 has been accrued.

The interest on KENO02 bonds is payable quarterly, partly in cash and partly in kind by issuance of new KENO02 bonds on the interest payment date. In total, USD 6,681,414 of new KENO02 bonds were issued during 2024. Interest for the remaining period of 2024 has been accrued.

The subordinated Hybrid Bonds are non-interest bearing.

The increase in amortised loan costs in 2024 is mainly explained by amortisation related to the Hybrid Bonds, recognised at fair value at inception.

The net unrealised exchange loss mainly relates to revaluation of the long-term debt in USD offset by unrealised currency gains on cash deposits in other currencies than NOK.

Note 7: Taxes

Income taxes recognised in the income statement

NOK '000	2024	2023
Current tax payable/(income tax credit)	–	–
Current tax payable previous years	2,032	314
Change in deferred tax	(56,998)	(106,830)
Total tax payable (receivable) recognised in the income statement	**(54,966)**	**(106,516)**

Reconciliation of income tax

NOK '000	2024	2023
Profit/(loss) before income tax	**(737,022)**	**(506,187)**
Expected income tax at nominal tax rate (22%)	(162,145)	(111,361)
Expected petroleum tax (56%/56.004%)	(412,762)	(283,485)
Tax effect of:		
Permanent differences	179,453	97,596
Financial items	308,880	177,045
Other changes	31,607	22,249
Onshore items	–	(8,559)
Total income tax recognised in the income statement	**(54,966)**	**(106,516)**
Effective income tax rate	**7.5%**	**21.0%**

Specification of tax effects on temporary differences, tax losses and uplift carried forward

NOK '000	Change through income statement	2024	2023
Fixed assets	(855,732)	(4,581,969)	(3,726,237)
Asset retirement obligations	(38,098)	622,236	660,334
Other items	(42,150)	(81,836)	(39,686)
Tax loss offshore receivable	(157,207)	745,946	903,152
Tax loss offshore receivable, adjusted	–	12,926	12,926
Tax losses carried forward, offshore (22%)	247,033	570,026	322,993
Total deferred tax assets/(liabilities)	**(846,155)**	**(2,712,673)**	**(1,866,518)**
Effect of offshore tax loss receivable	901,120	(745,946)	(903,152)
Total deferred tax assets /(liabilities) recognised	**54,966**	**(3,458,618)**	**(2,769,671)**

Reconciliation of tax receivables

NOK '000	31 December 2024	31 December 2023
Tax receivable at 1 January	**903,152**	**837,720**
Net refund from Skatteetaten for prior year	(901,120)	(837,406)
Tax receivable from current year tax losses	745,946	903,152
Tax receivable from previous year tax losses	(2,032)	(314)
Tax receivables at 31 December	**745,946**	**903,152**

The tax value of any losses in the special tax base will be refunded in the following year, whereas any losses in the ordinary corporation tax base (22%) must be carried forward without interest.

At year-end, the Company has recognised a tax receivable of NOK 746 million (short-term receivable), equal to the tax value of the incurred loss in the special tax basis for 2024. The refund is due in the fourth quarter of 2025 and will be paid inclusive of interest equal to the monetary policy key interest rate as set by Norges Bank as of 1 January 2025.

Note 8: Intangible assets

NOK '000	Capitalised exploration costs	Licensing of seismic	Software	Total
2024				
Cost at 1 January 2024	58,469	14,651	1,102	74,222
Additions	64	–	–	64
Expensed	–	–	–	–
Cost at 31 December 2024	**58,533**	**14,651**	**1,102**	**74,285**
Accumulated depreciation and impairment at 1 January 2024	–	(12,941)	(499)	(13,440)
Depreciation for the year	–	(1,709)	(110)	(1,819)
Accumulated depreciation and impairment at 31 December 2024	**-**	**(14,651)**	**(610)**	**(15,259)**
Carrying amount at 31 December 2024	**58,533**	**0**	**492**	**59,025**
2023				
Cost at 1 January 2023	66,237	14,651	1,102	81,990
Additions	–	–	–	–
Expensed	(7,768)	–	–	(7,768)
Cost at 31 December 2023	**58,469**	**14,651**	**1,102**	**74,222**
Accumulated depreciation and impairment at 1 January 2023	–	(10,011)	(389)	(10,400)
Depreciation for the year	–	(2,930)	(110)	(3,040)
Accumulated depreciation and impairment at 31 December 2023	**-**	**(12,941)**	**(499)**	**(13,441)**
Carrying amount at 31 December 2023	**58,469**	**1,710**	**603**	**60,781**

Note 9: Property, plant and equipment

NOK '000	Oil and gas assets	Furniture, fixtures and office machines	Total
2024			
Cost at 1 January 2024	6,859,610	1,310	6,860,920
Additions	1,456,380	47	1,456,427
Asset removal obligation – change in estimate	(74,176)	–	(74,176)
Cost at 31 December 2024	**8,241,814**	**1,357**	**8,243,171**
Accumulated depreciation and impairment at 1 January 2023	(1,524,864)	(1,014)	(1,525,878)
Depreciation for the year	(382,495)	(150)	(382,644)
Impairment loss	–	–	–
Accumulated depreciation and impairment at 31 December 2024	**(1,907,359)**	**(1,163)**	**(1,908,522)**
Carrying amount at 31 December 2024	**6,334,455**	**193**	**6,334,649**
2023			
Cost at 1 January 2023	5,163,503	1,205	5,164,709
Additions	1,451,648	104	1,451,752
Asset removal obligation – change in estimate	244,459	–	244,459
Adjustment of acquisition cost	–	–	–
Cost at 31 December 2023	**6,859,610**	**1,310**	**6,860,920**
Accumulated depreciation and impairment at 1 January 2023	(1,227,760)	(832)	(1,228,592)
Depreciation for the year	(297,104)	(182)	(297,286)
Impairment loss	–	–	–
Accumulated depreciation and impairment at 31 December 2023	**(1,524,864)**	**(1,014)**	**(1,525,878)**
Carrying amount at 31 December 2023	**5,334,746**	**296**	**5,335,042**

Additions of property, plant and equipment (PP&E) are related to development and production assets, including changes in estimate of asset retirement costs, and other furniture, fixtures and office machines.

Production facilities are depreciated according to unit of production (UoP) method. Furniture, fixtures and office equipment are subject to linear depreciation over three to five years.

The Company has performed an impairment test based on the underlying conditions that existed at 31 December 2024. Several external and internal indicators may impact the value in use of the assets. At the end of the fourth quarter of 2024, we observed changes to the future costs, the estimated production forecast and the remaining reserves compared to the fourth quarter of 2023 evaluation.

In August 2024, the operator Vår Energi ASA (Vår) provided a schedule update for the Balder X development project, where the target production start had been moved to the second quarter of 2025. However, as previously communicated, the revised plan has limited impact on the production and no material impact on guided capital costs.

Further, in October 2024, Vår and KENAS made the final investment decision (FID) for the Balder Phase V project. The project is expected to unlock 33 million barrels of oil equivalent (boe) of gross proved plus probable reserves, with a capital expenditure of USD 690 million and an estimated breakeven price of around USD 30 per barrel (bbl).

There are still uncertainties concerning the volumes, costs and schedule related to the development and production of the 2C resource base. Maturation of 2C volumes is still ongoing as part of a continuous development of the wider Balder Area.

The impairment testing has been performed based on discounted future after tax cash flows. The expected future cash flow is discounted to the NPV by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC). Cash flows are projected for the estimated lifetime of the fields.

Inflation and discount rate

The assumed cost inflation rate is based on a normalised Consumer Price Index (CPI) level of 2%, in line with Norges Bank's inflation target for the foreseeable future. This assumption reflects the anticipated increase in costs associated with the PP&E assets.

The post-tax nominal discount rate used is 8.0%. This rate reflects the Company's WACC and incorporates the risks associated with the specific PP&E asset being tested for impairment.

Reserves and future expenditure

As of 31 December 2024, the cost and production estimates are based on a representative outlook for the future. The estimates consider the operator's budget for 2025, long-term forecasts and management's assumptions. Exploration costs are excluded from these estimates as they currently do not factor into potential profits.

Foreign exchange and price assumptions

Future price level is a key assumption and has a significant impact on the NPV. Forecasted oil and gas prices are based on management's estimates and available market data. Information about near-term market prices can be derived from the futures contract market. The information about future prices is less reliable on a long-term basis as there are fewer observable market transactions going forward. Foreign Exchange (FX) assumptions have been utilised to assess the impact of currency fluctuations on the carrying amounts of PP&E assets. These assumptions are based on current market trends and economic forecasts, considering any significant exposure to foreign currency risk.

The detailed assumptions for oil and gas prices, as well as the assumed USD/NOK rate, is provided in the table below.

Year	Oil price ($/bbl nominal)	Gas price ($/mcf nominal)	USD/NOK
2025	75.3	16.0	10.9
2026	71.8	14.0	10.6
2027	80.0	14.0	10.5
2028	80.0	14.0	10.5
From 2029	80.0	14.0	10.5

In the impairment testing, the Company has used a compilation of market forecasts for the Brent price from 31 December 2024, covering 2025 and 2026 and a long-term oil price of USD 80/bbl from 2027 onwards.

The same methodology is applied for the gas prices as for the Brent price but are of less relevance due to minor gas export in the business case. A long-term gas price of USD 14.0 per thousand cubic feet (mcf) is assumed from 2027 and onwards. No natural gas liquids (NGLs) are assumed to be sold in the business case for the relevant CGUs.

The Company's long-term assumption for the USD/NOK is 10.50 and is assumed from 2027.

The impairment test shows that the post-tax NPV8 for both Balder JV and Ringhorne Øst Unit (RHE) exceeds the post-tax-book value. As a result, no impairment charge has been recognised as of 31 December 2024. The carrying amounts of PP&E assets are considered fully recoverable based on the estimated future cash flows generated by these assets. The assumptions employed in the impairment test have been rigorously evaluated and are deemed reasonable and reflective of current market conditions.

The Company remains committed to regularly reviewing the carrying amounts of its PP&E assets and will adjust its impairment testing assumptions as necessary to ensure compliance with accounting standards and to accurately represent the financial position of the Company.

Note 10: Trade and other receivables

NOK '000	2024	2023
Trade receivables	248	78,976
Working capital, receivables and prepayments, joint venture	15,279	20,952
Overcall, joint ventures	–	6,796
Prepayments	8,718	7,061
Other short-term receivables	733	566
Total trade and other receivables	**24,978**	**114,351**
Tax receivable	745,946	903,152

The trade receivables consist of receivables from financially solid oil and gas companies. No allowances for doubtful debts have been made, and no loss has been recognised during the year. Trade receivables are non-interest bearing. Other short-term receivables relate to VAT receivable.

The tax receivable represents the tax value of the estimated special tax loss FY2024, payable to the Company in December 2025. See also note 7.

Note 11: Other current assets

NOK '000	2024	2023
Stock of spare parts and consumables held by operators	50,260	43,058
Stock of drilling equipment held by operators	37,957	49,164
Total other current assets	**88,217**	**92,222**

At year-end, a provision of NOK 15.8 million (31 December 2023: NOK 17.5 million) has been made for obsolescence, based on information from the operator of the JVs the Company is partner in. The provision was recognised as an impairment of inventory in the income statement.

■ Notes to the Financial Statements

Note 12: Cash and cash equivalents

NOK '000	2024	2023
Bank deposits, unrestricted	209,424	162,639
Bank deposits, restricted	3,131	1,635
Total cash and cash equivalents	**212,555**	**164,274**

Cash and cash equivalents consist of deposits in ordinary bank accounts. Restricted bank deposits consist of employee withholding tax and a deposit for office lease.

Note 13: Equity, share capital and shareholder information

	Ordinary shares	Total number of shares	Share capital
Shares/share capital at 1 January 2024	1,191,672,453	1,191,672,453	11,916,725
Shares/share capital at 31 December 2024	**1,191,672,453**	**1,191,672,453**	**11,916,725**
Shareholders as of 31 December 2024			
Kistos plc	1,191,672,453	1,191,672,453	11,916,725

Kistos Energy (Norway) AS (KENAS) (formerly Mime Petroleum AS) was incorporated in May 2017.

All shares have a nominal value of NOK 0.01/share. The Company does not own any treasury shares. Each share gives one vote in the Company's general meeting. There are no rights that may result in the issuing of new shares. The transfer of shares is not subject to approval by the Company.

Based on the 2024 financial statements, the Board is not proposing any distribution of dividends.

Note 14: Interest-bearing loans and borrowings and other long-term liabilities

NOK '000	31 December 2024	31 December 2023
Long-term interest-bearing debt – KENO01	1,462,114	1,188,229
Long-term interest-bearing debt – KENO02	1,492,613	1,269,383
Capitalised loan fees	(54,260)	(70,171)
Total long-term interest-bearing debt	**2,900,468**	**2,387,442**
Pension liability	8,615	6,229
Hybrid Bonds, liability part[1]	–	231,922
Other long-term liabilities	**8,615**	**238,151**

1 Hybrid is short-term liability at year-end 2024

The KENO01 bonds (ISIN NO 0011142036) issued in 2021, matures on 10 November 2027. Interest (coupon of 10.25% p.a.) is payable annually on 15 December each year by issuance of additional bonds (Payment in Kind (PIK) bonds). Outstanding amount per 31 December 2024, are USD 128.8 million, including PIK bonds of USD 23.8 million (31 December 2023: USD 116.8 million, including PIK bonds of USD 11.8 million).

In March 2023, the Company issued USD 120 million of super senior secured bonds (ISIN NO 0012867318, KENO02). The KENO02 bonds carry a coupon of 9.75% p.a. and matures in September 2026. The interest is payable quarterly, partly in cash (4.50%) and partly in kind (5.25%) by issuance of new bonds (ISIN NO 0012867318). The KENO02 bonds were listed on Euronext Oslo ABM on August 11, 2023. Outstanding amount per December 31, 2024, are USD 131.5 million, including PIK bonds of USD 11.5 million (31.12.23: USD 124.8 million including PIK bonds of USD 4.8 million).

According to the amended and restated bond agreements, USD 45 million of the outstanding bonds under KENO01 were de-recognised and recognised as new, subordinated, non-interest bearing Hybrid Bonds at fair value at the transaction date in 2023. Thus, the discounted liability component of the Hybrid Bonds has been recognised as a long-term liability, and the difference between nominal and fair value has been classified as an equity component. The Hybrid Bonds mature in 2083 but are subject to mandatory early redemption dependent on offload and sales thresholds related to the Jotun FPSO. According to the restated agreements, certain amounts of the Hybrid Bonds will be cancelled for nil consideration if the following offload and sales thresholds related to the Jotun FPSO are not met:

- No lifting before 31.12.24 at 23:59:59 – cancellation of USD 15 million of bonds for nil consideration on the first business day in January 2025 or as soon as possibly thereafter;
- No lifting before 28.02.25 at 23:59:59 – cancellation of USD 15 million of bonds for nil consideration on the first business day in March 2025 or as soon as possibly thereafter;
- No lifting before 31.05.25 at 23:59:59 – cancellation of USD 15 million of bonds for nil consideration on the first business day in June 2025 or as soon as possibly thereafter;
- If all bonds are cancelled – the bondholders in ISIN NO0012867326 are eligible to receive certain warrants issued and delivered by Kistos Holdings plc, the ultimate parent of KENAS. If the offload and sales threshold is satisfied on any date between 01.01. and 31.05.2025, then all outstanding Hybrid Bonds shall be redeemed within 30 days at 100% of par.

With the current schedule for first oil from the Balder Future project, it is not likely that the Company will be able to meet any of the offload and sales thresholds stipulated above. Thus, it is expected that all the Hybrid Bonds will be formally cancelled during the period January–June 2025. When passing the listed thresholds, the effect will be recorded directly against equity as debt forgiveness. In total, a positive effect of NOK 447 million on equity is estimated. Reference is made to note 22.

According to the relevant financial covenants in KENO01 and KENO02 bond agreements, the Company should maintain a minimum liquidity of USD 10 million until the Balder Future first oil date (after which there is no minimum liquidity requirement).

An intercompany RCF in the amount of USD 100 million has been made available to the Company, securing sufficient liquidity in the medium term. At year-end, drawdowns made during the year have been repaid and the balance was nil. The RCF carries interest at a rate of 5.5%, compounding quarterly.

Kistos plc has issued a parent company guarantee (PCG) of USD 100 million in favour of the bondholders to secure the bonds. The guaranteed amount under the PCG will, from time to time, be adjusted down by the amount outstanding under the RCF at such time. In the event that KENAS utilises its option to carry out a tap issue of the KENO02 bond, then the amount of the PCG shall increase correspondingly.

For further information and details about the amended and restated bond terms, please see the summons for a written solution released on NewsWeb on 19 April 2023.

	Long-term interest-bearing debt			Total external debt		
NOK '000	KENO01	KENO02	31 December 2024	Hybrid liability	31 December 2024	31 December 2023
Total interest-bearing debt/hybrid debt at start of the year	1,147,525	1,239,917	2,387,442	231,922	2,619,364	2,143,786
New loans with cash effect	–	–	–	–	–	1,290,240
Derecognition/new loans without cash effect	–	–	–	–	–	(330,684)
Interest paid in kind through issuance of new bonds (new loan without cash effect)	133,620	72,047	205,667	–	205,667	173,943
Down payments loans	–	–	–	–	–	(820,485)
Capitalised loan costs (with cash effect)	–	–	–	–	–	(41,287)
Amortisations (no cash effect)	8,559	7,352	15,911	215,326	231,236	135,423
Effects of changes in foreign currency rate through profit and loss (no cash effect)	140,265	151,183	291,448	–	291,448	68,428
Total long-term debt at 31 December	**1,429,968**	**1,470,500**	**2,900,468**	**447,248**	**3,347,716**	**2,619,364**

Note 15: Asset retirement obligations

At the termination of production or expiration of a licence, the Norwegian Government may require the Company to remove offshore installations. Given reserve estimates at licence expiry, the Company finds it unlikely that the Norwegian Government will exercise its option to take over the installations.

It is also required to close down all production and injection wells as their use is completed. The Company has no removal obligations related to Gassled pipelines and installations.

If the Norwegian Government should require dismantlement and removal of the installations, removal costs will be fully tax deductible for the licensees when incurred.

The Company has based its estimated asset retirement costs on cost estimates prepared by the operator of the licences.

NOK '000	2024	2023
Total obligation at 1 January	846,538	573,408
Effect of changes in underlying estimates	35,212	46,593
Effect of changes in the discount rate	(69,558)	222,195
Accretion expense	25,335	28,670
Actual decommissioning expenditure	(39,830)	(24,328)
Total obligation at 31 December	**797,697**	**846,538**

In the calculation of NPV at year-end 2024, an inflation rate of 2% and a nominal discount rate of 3.86% (2023: 3.41%) are used for estimating the abandonment retirement obligations.

There are significant uncertainties inherent in the calculations of abandonment and decommissioning costs, which are dependent upon future technology levels and the degree of removal required. The Company obtains abandonment and decommissioning cost estimates from the operator. The estimates are based on complete removal and onshore disposal of any installations above or on the seabed. Pipelines will be cleaned and left buried.

Future deposit requirements

According to the Norwegian Petroleum Act Section 5-3 (3), Vår is secondarily financially responsible for the asset removal obligation related to the licences acquired by the Company. Vår is in accordance with the Sale and Purchase Agreement (SPA) required to repay, without any delay, the entire deposit in an event where the seller's liability do not materialise (ie KENAS fulfils the asset retirement commitments for the acquired interests according to plan).

As part of the SPA with Vår from March 2019, it was agreed that the Company should deposit to the seller a post-tax amount of USD 12.7 million on 1 January 2022. Based on a revision of this agreement in February 2021, the timing of the deposit was changed to three months after Balder Future first oil through Jotun FPSO, or at the latest 1 July 2023. As the Balder Future first oil through Jotun FPSO has been further delayed, the parties agreed to amend the timing and further postpone the payment of the deposit to three months after the date of the first oil produced from the Balder/Ringhorne fields over the Jotun FPSO. Interest shall accrue at Libor (or substitute) +3% p.a. for the period from 1 January 2022, until payment and shall be settled at the same time.

The future deposit requirement does not satisfy the definition of a liability as the future payment was not an obligation at the transaction date. The deposit is considered only to be a part of the agreement due to the requirements in the Petroleum Act Section 5-3 (3) and not part of the pricing and valuation of the transaction between the parties. KENAS' obligation is already indirectly included under the ARO liability related to assets and liabilities from the transaction with Vår.

Note 16: Trade and other payables

NOK '000	2024	2023
Trade creditors	10,034	1,796
Working capital, trade creditors, joint venture	15,491	29,338
Trade payables	**25,526**	**31,134**
Working capital, accruals, joint venture	111,550	114,072
Undercall, joint venture	13,211	–
Overlift	80,791	18,202
Other accrued expenses	30,303	16,063
Other current liabilities	**235,854**	**148,337**

Trade payables are non-interest bearing and are normally settled within 30 days. All other payments are scheduled to be settled as they fall due.

Note 17: Transactions with related parties

During the 2024 financial year, the Company had the following transactions with related parties:

a) Key management, CEO/Executive Chairman and Board of Directors

The Company has no other agreements in which a Board member or the management has a substantial interest.

Remuneration to the CEO/Executive Chairman and the Board is presented in note 4.

b) Intercompany loan agreement with Kistos plc

The Company has a multi-currency revolving facility (RCF) agreement with its sole shareholder Kistos plc. The facility has a limit of USD 100 million and a term until November 2027. Drawdowns under the agreement carry an interest of 5.5% p.a., compounding quarterly. The interest rate has been agreed with the bondholders in KENO01 and KENO02.

During 2024, total drawdowns including accrued interest amounted to NOK 672.2 million (2023: NOK 657.6 million). The total outstanding amount was repaid in full including accrued interest on 10 December 2024.

c) Parent company guarantee

Kistos plc has issued a parent company guarantee (PCG) in the amount of USD 100 million in favour of the bondholders to secure the external bonds. The guaranteed amount under the PCG will, from time to time, be adjusted down by the amount outstanding under the RCF at such time. In the event that KENAS utilises its option to carry out a tap issue of the KENO02 bonds, the amount of the PCG shall increase correspondingly.

d) Intercompany service agreement

Following the transaction with Kistos plc, the Company has entered into an intercompany agreement related to sale and purchase of technical and administrative services throughout the Kistos Group.

During 2024, KENAS has provided subsurface assistance, technical and HSE/ environmental, social and governance (ESG) related services to other companies in the Kistos Group. Service recipients are charged hourly rates, which are set on an arm's length basis. The total charge made to Group companies in 2024 amounted to NOK 2.8 million (2023: NOK 0.6 million), reported as part of 'Other revenue'.

The total charge for services delivered to the Company from other Group companies in 2024 amounted to NOK 2.5 million (2023: nil), reported as part of other operating expenses.

Note 18: Financial instruments

As revenues and bond debt are denominated in USD, while investments and operating costs generally accrue in NOK, currency rate fluctuations represent both a direct and an indirect financial risk for the Company. The Company had no open FX contracts on 31 December 2024, as the currency exposure has been minor after the temporary tax changes ensuring refund of tax losses.

Note 19: Lease agreements and other commitments

As of 31 December 2024, the Company has no financial leases. The Company has operating leases for office premises, parking, software and IT equipment.

The rental agreement for the current office location in Strandveien 50 started 1 July 2019, and the rental period was years. The rental agreement for the offices was extended on unchanged terms in January 2024 for a period of three years, until 30 June 2027. The rent is adjusted annually in accordance with the CPI. The total leasing cost for office properties, equipment and software amounted to NOK 3.8 million in 2024 (2023: NOK 3.6 million).

As a partner in fields under development and operation, the Company has leasing commitments (operating leases) for drilling rigs and helicopter services to secure planned activities, in total NOK 133 million for the period 2025 to 2027.

The future minimum rents related to non-cancellable leases and subleases fall due as follows:

NOK '000	**2024**	2023
Within one year	126,230	95,720
One to five years	14,788	136,208
After five years	–	–
Total	**141,018**	**231,928**

As a licence holder on the NCS, the Company has unlimited liability to damages, including environmental damage. The Company has insurance coverage for its pro rata liability, in line with the industry practice for the NCS.

Note 20: Pledged assets and joint mortgage security

The Company's participating interest in licences related to Balder JV and Ringhorne Øst Unit are pledged as security for the listed bonds. In addition, according to the bond agreements all trade receivables, cash at hand and oil entitlement are also pledged as security for the listed bonds.

Note 21: Oil and gas reserves (unaudited by BDO)

The reserve numbers shown below are the estimated total producible remaining reserves in the currently producing and developing fields at the end of 2024. The estimates represent the Company's share of proven and probable reserves (2P). Estimates of proven and probable reserve quantities are uncertain and change over time as new information becomes available.

Net remaining unaudited reserves (P50) at the end of 2024 are broken down as follows:

Proven and probable reserves (Mmboe)	**2024**	2023
Balance at 1 January	20.2	26.4
Revision of estimates	1.9	(5.4)
Year production	(1.0)	(0.8)
Total reserves at 31 December	**21.1**	**20.2**

Reserves are classified in accordance with the Norwegian Petroleum Directorate's requirements and based on revised national budget (RNB) 2025 numbers received from the operators together with internal information. The disclosed reserves position as at 31 December 2024 with 2P reserves of 21.1 million barrels of oil equivalent (MMboe) (net to KENAS) has been aligned with the quantities as reported by the operator in their Annual Statement of Reserves.

The Company has interests in the following production licenses in the Norwegian Continental Shelf:

Production licences	Block(s)	Expiry year	Producing fields	Operator	Interest
001	25/11	2030	Balder	Vår Energi ASA	10%
027	25/8	2030	Balder, Ringhorne Øst[1]	Vår Energi ASA	10%
027C	25/8	2030	Balder	Vår Energi ASA	10%
027HS	25/8	2030	Balder	Vår Energi ASA	10%
028	25/10	2030	Balder	Vår Energi ASA	10%
028S	25/10	2030	Balder	Vår Energi ASA	10%

1 Ownership share in Ringhorne Øst Unit is 7.4%

A revised Plan for Development and Operation (PDO) for the Balder field was approved by the Ministry of Petroleum and Energy (MPE) on 18 June 2020. The revised PDO aims to prolong the licence expiry to 2045.

Note 22: Subsequent events

Cancellation of Hybrid bonds

According to the amended and restated bond agreements, the Hybrid Bonds are subject to mandatory early redemption dependent on offload and sales thresholds related to the Jotun FPSO. According to the restated agreements, certain amounts of the Hybrid Bonds will be cancelled for nil consideration if certain offload and sales thresholds related to the Jotun FPSO are not met:

- No lifting before 31.12.24 at 23:59:59 – cancellation of USD 15 million of bonds for nil consideration on the first business day in January 2025 or as soon as possibly thereafter;
- No lifting before 28.02.25 at 23:59:59 – cancellation of USD 15 million of bonds for nil consideration on the first business day in March 2025 or as soon as possibly thereafter;
- No lifting before 31.05.25 at 23:59:59 – cancellation of USD 15 million of bonds for nil consideration on the first business day in June 2025 or as soon as possibly thereafter; and
- If all bonds are cancelled – the bondholders in ISIN NO0012867326 are eligible to receive certain warrants issued and delivered by Kistos Holdings plc, the ultimate parent of KENAS. If the offload and sales threshold is satisfied on any date between 01.01. and 31.05.2025, then all outstanding Hybrid Bonds shall be redeemed within 30 days at 100% of par.

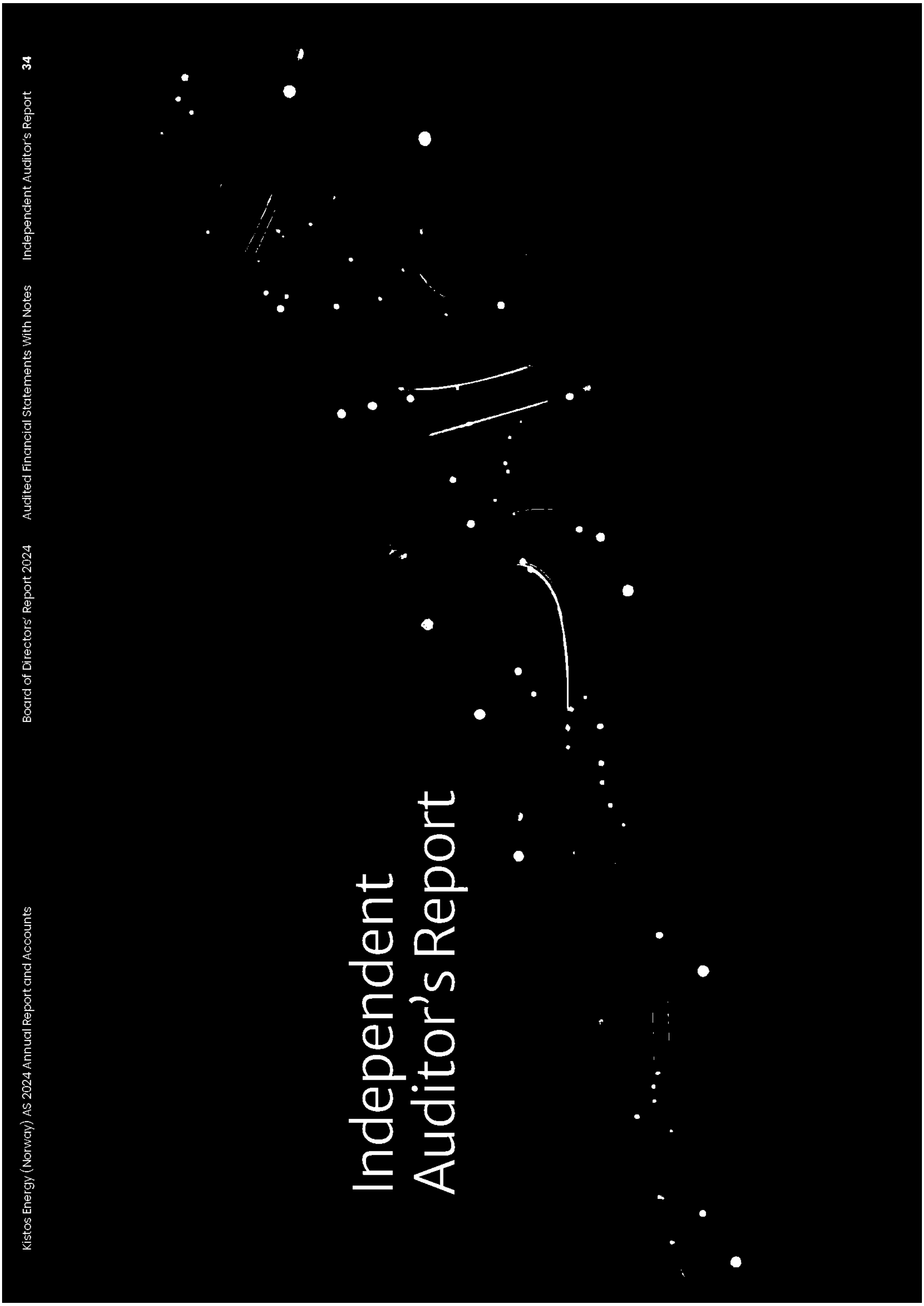
With the current schedule for first oil from the Balder Future project, the Company has not been able to meet the first two offload and sales thresholds as stipulated above.

On 7 January 2025, the Company notified the Bond Trustee that the offload and sales threshold on 31 December 2024 had not been met. Bonds in the amount of USD 15 million was therefore cancelled pro rata among the Bondholders on 10 January 2025, with record date being 8 January 2025.

On 10 February 2025, the Company notified the Bond Trustee that the offload and sales threshold set for 28 February 2025 would not be met. Bonds in the amount of USD 15 million was therefore cancelled pro rata among the Bondholders on 3 March 2025, with record date being 27 February 2025.

With the current schedule for first oil from the Balder Future project, it is currently not likely that the Company will be able to meet the offload and sales thresholds stipulated for 31 May 2025. Thus, it is expected that all the Hybrid Bonds will be formally cancelled during the period January–June 2025.

When passing the thresholds listed above, the effect will be recorded directly against equity as debt forgiveness. In total, a positive effect of NOK 447 million on equity is estimated.


Kistos Energy (Norway) AS 2024 Annual Report and Accounts
Board of Directors' Report 2024
Audited Financial Statements With Notes
Independent Auditor's Report
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Independent Auditor's Report

BDO AS
Bygdøy Allè 2
PO Box 1704 Vika
0121 Oslo
Norway

To the General Meeting of Kistos Energy (Norway) AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Kistos Energy (Norway) AS.

The financial statements comprise:

- The balance sheet as at 31 December 2024
- The income statement for 2024
- Statement of cash flows for the year that ended 31 December 2024
- 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 2024, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 other information. The other information comprises the Board of Directors' report and other 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 other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Directors' report

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

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

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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.

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 insofar as it is not likely that the enterprise will cease operations.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

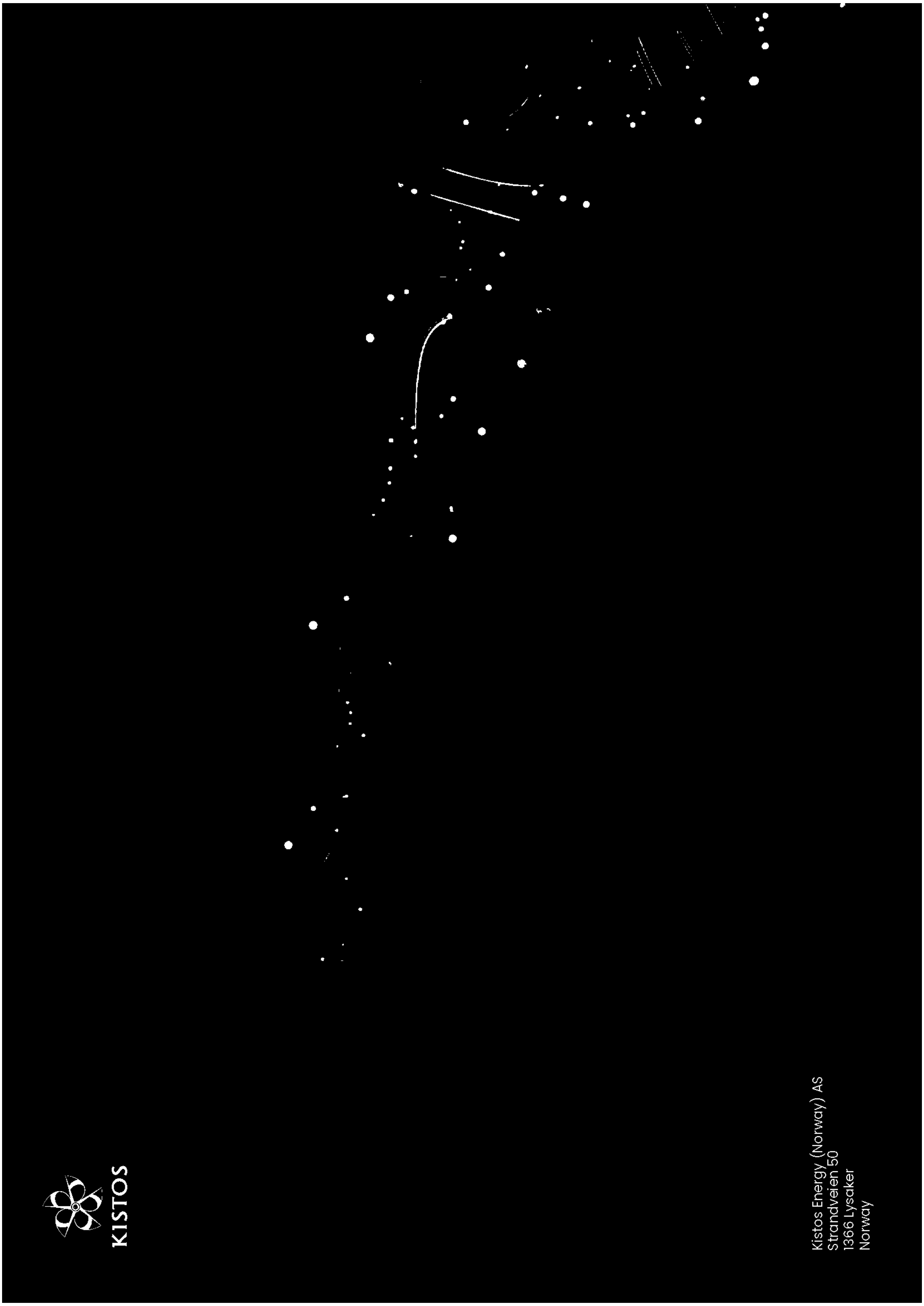
For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

BDO AS

Børre Skisland
State Authorised Public Accountant
(This document is signed electronically)

Skisland, Børre
State Authorised Public Accountant
On behalf of: BDO AS
Serial number: no_bankid:9578-5998-4-872903
IP: 188.95.xxx.xxx
2025-04-14 16:00:48 UTC

bankID


KISTOS
Kistos Energy (Norway) AS
Strandveien 50
1366 Lysaker
Norway

Skatteetaten

Vår dato	Din dato	Saksbehandler
02.07.2018	30.05.2018	Jeanette Munkvold Skovholt
800 80 000	Din referanse	Telefon
Skatteetaten.no	Øyvind Hammerstad	90076012
Org.nr	Vår referanse	Postadresse
996250318	2018/772130	Postboks 9200 Grønland 0134 Oslo

TMF NORWAY AS
Postboks 2334
3003 DRAMMEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Mime Petroleum, org.nr. 918 980 946

Vi viser til deres brev av 30. mai 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Mime Petroleum AS, samt senere e-post korrespondanse i sakens anledning.

Skattedirektoratet gir på bakgrunn av en konkret vurdering Mime Petroleum AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge 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
Fra søknaden gjengis:

> *Mime Petroleum AS er ett olje— og gass selskap som fokuserer på produksjon av petroleumsprodukter på norsk sokkel.*
>
> *Selskapets arbeidsspråk er engelsk. Selskapet opererer i tillegg innen oljebransjen, der engelsk er det klart dominerende språket. Selskapets finansieringsavtale er også utformet på engelsk. Videre skjer det meste av korrespondansen med eiere og ansatte på engelsk.*

I e-post av 21 juni 2018 bekreftes det at selskapet er eid 98,54% av Mime Petroleum (UK) Limited, og de øvrige aksjene eies av av ledelsen. Kundene er hovedsaklig av internasjonal karakter. 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 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 vekt på at selskapet hovedsaklig er eid av ett utenlandsk selskap. Eierkretsen er begrenset. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Kari-Alice Frønsdal
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.