Brønnøysundregistrene

## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

**Enheten**

| | |
|---|---|
| Organisasjonsnummer: | 919 496 649 |
| Organisasjonsform: | Aksjeselskap |
| Foretaksnavn: | HARBOUR ENERGY NORGE AS |
| Forretningsadresse: | 4th floor<br>Haakon VIIs gate 1<br>0161 OSLO |

**Regnskapsår**

| | |
|---|---|
| Årsregnskapets periode: | 01.01.2023 - 31.12.2023 |

**Konsern**

| | |
|---|---|
| Morselskap i konsern: | Nei |

**Regnskapsregler**

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

**Årsregnskapet fastsatt av kompetent organ**

| | |
|---|---|
| Bekreftet av representant for selskapet: | Michael Spanggaard Haagaard |
| Dato for fastsettelse av årsregnskapet: | 22.05.2024 |

**Grunnlag for avgivelse**

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

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

Brønnøysundregistrene, 20.06.2024

# Resultatregnskap

| Beløp i: NOK | Note | 2023 | 2022 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Kostnader** | | | |
| Exploration and evaluation expenditure | 3 | 305 705 000 | 137 422 000 |
| General and administrative costs | 4,5 | 44 992 000 | 63 637 000 |
| **Sum kostnader** | | **350 697 000** | **201 059 000** |
| **Driftsresultat** | | **-350 697 000** | **-201 059 000** |
| **Finansinntekter og finanskostnader** | | | |
| Finance income | 6 | 8 117 000 | 2 452 000 |
| **Sum finansinntekter** | | **8 117 000** | **2 452 000** |
| Finance expenses | 6 | 11 158 000 | 20 558 000 |
| **Sum finanskostnader** | | **11 158 000** | **20 558 000** |
| **Netto finans** | | **-3 041 000** | **-18 106 000** |
| **Ordinært resultat før skattekostnad** | | **-353 738 000** | **-219 165 000** |
| Tax credit | 7 | -232 778 000 | -159 227 000 |
| **Ordinært resultat etter skattekostnad** | | **-120 960 000** | **-59 938 000** |
| **Årsresultat** | | **-120 960 000** | **-59 938 000** |
| **Overføringer og disponeringer** | | | |
| Udekket tap | | -120 960 000 | -59 938 000 |
| **Sum overføringer og disponeringer** | | **-120 960 000** | **-59 938 000** |

# Balanse

| Beløp i: NOK | Note | 2023 | 2022 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Exploration and evaluation assets | 8 | 307 460 000 | 327 263 000 |
| **Sum immaterielle eiendeler** | | **307 460 000** | **327 263 000** |
| **Varige driftsmidler** | | | |
| Right-of-use assets | 10 | 9 438 000 | 2 608 000 |
| Furniture, fixtures and fittings | 9 | 1 592 000 | 1 486 000 |
| **Sum varige driftsmidler** | | **11 030 000** | **4 094 000** |
| **Sum anleggsmidler** | | **318 490 000** | **331 357 000** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| **Fordringer** | | | |
| Tax refund | 7 | 217 505 000 | 206 055 000 |
| Debtors: amounts falling due within one year | 12 | 15 136 000 | 26 749 000 |
| **Sum fordringer** | | **232 641 000** | **232 804 000** |
| **Bankinnskudd, kontanter og lignende** | | | |
| Cash and cash equivalents | 13 | 147 244 000 | 59 888 000 |
| **Sum bankinnskudd, kontanter og lignende** | | **147 244 000** | **59 888 000** |
| **Sum omløpsmidler** | | **379 885 000** | **292 692 000** |
| **SUM EIENDELER** | | **698 375 000** | **624 049 000** |
| **BALANSE - EGENKAPITAL OG GJELD** | | | |
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Called up share capital | 21 | 30 000 | 30 000 |
| Overkurs | 21 | 464 789 000 | 464 789 000 |

# Balanse

| Beløp i: NOK | Note | 2023 | 2022 |
|---|---|---|---|
| Ikke registrert kapitalforhøyelse | 21 | 288 503 000 | |
| Annen innskutt egenkapital | | 21 901 000 | |
| **Sum innskutt egenkapital** | | **775 223 000** | **464 819 000** |
| | | | |
| **Opptjent egenkapital** | | | |
| Udekket tap | | 406 230 000 | 285 270 000 |
| **Sum opptjent egenkapital** | | **-406 230 000** | **-285 270 000** |
| | | | |
| **Sum egenkapital** | | **368 993 000** | **179 549 000** |
| | | | |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| Utsatt skatt | 7 | 209 454 000 | 224 772 000 |
| Lease liability | 17 | 3 787 000 | |
| **Sum avsetninger for forpliktelser** | | **213 241 000** | **224 772 000** |
| **Annen langsiktig gjeld** | | | |
| | | | |
| **Sum langsiktig gjeld** | | **213 241 000** | **224 772 000** |
| | | | |
| **Kortsiktig gjeld** | | | |
| Exploration loan | 15 | | 103 000 000 |
| Kortsiktig konserngjeld | 16 | | 39 616 000 |
| Lease liability | 17 | 6 136 000 | 2 684 000 |
| Creditors: amounts falling due within one year | 14 | 110 005 000 | 74 428 000 |
| **Sum kortsiktig gjeld** | | **116 141 000** | **219 728 000** |
| | | | |
| **Sum gjeld** | | **329 382 000** | **444 500 000** |
| | | | |
| **SUM EGENKAPITAL OG GJELD** | | **698 375 000** | **624 049 000** |

Brønnøysundregistrene

# ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

| | |
|---|---|
| Journalnummer: | 2024 488476 |

## Enheten

| | |
|---|---|
| Organisasjonsnummer: | 919 496 649 |
| Organisasjonsform: | Aksjeselskap |
| Foretaksnavn: | HARBOUR ENERGY NORGE AS |
| Forretningsadresse: | 4th floor<br>Haakon VIIs gate 1<br>0161 OSLO |

## Regnskapsår

| | |
|---|---|
| Årsregnskapets periode: | 01.01.2023 - 31.12.2023 |

## Konsern

| | |
|---|---|
| Morselskap i konsern: | Nei |

## Regnskapsregler

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

## Årsregnskapet fastsatt av kompetent organ

| | |
|---|---|
| Bekreftet av representant for selskapet: | Michael Spanggaard Haagaard |
| Dato for fastsettelse av årsregnskapet: | 22.05.2024 |

## Revisjon

| | |
|---|---|
| Årsregnskapet er utarbeidet av ekstern autorisert regnskapsfører: | Ja |
| Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet: | Ja |

## Grunnlag for avgivelse

År 2023: Årsregnskap er elektronisk innlevert.
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023.

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

Brønnøysundregistrene, 18.06.2024

**Brønnøysundregistrene**
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

**Organisasjonsnr: 919 496 649**
**HARBOUR ENERGY NORGE AS**

## RESULTATREGNSKAP

| Beløp i: NOK | Note | 2023 | 2022 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
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**Organisasjonsnr: 919 496 649**
**HARBOUR ENERGY NORGE AS**

## BALANSE

| Beløp i: NOK | Note | 2023 | 2022 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
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| Udekket tap | | 406 230 000 | 285 270 000 |

| | | | |
|---|---|---|---|
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| **SUM EGENKAPITAL OG GJELD** | | **698 375 000** | **624 049 000** |

**Organisasjonsnr: 919 496 649**
**HARBOUR ENERGY NORGE AS**

## NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

**Note**
4

**Antall årsverk i regnskapsåret**
28.00

| Sum | Beløp |
|---|---|

| Balanseført verdi 31.12. | Varige driftsmidler | Immaterielle eiend. |
|---|---|---|

**Konsernregnskap**

**Morselskapet sitt navn**

**Forretningskontor for morselskapet**

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

| Samlet beløp - tilknyttet selskap | Årets | Fjorårets |
|---|---|---|

| Samlet beløp - foretak i samme konsern | Årets | Fjorårets |
|---|---|---|

| Samlet beløp - foretak i samme konsern | Årets | Fjorårets |
|---|---|---|

| Samlet beløp - felles kontrollert virksomhet | Årets | Fjorårets |
|---|---|---|

| Pantstillelse | Beløp |
|---|---|

| Beholdning av egne aksjer | Antall | Pålydende | Andel av aksjek. |
|---|---|---|---|

Skatteetaten

| Vår dato | Din/Deres dato | Saksbehandler |
|---|---|---|
| 22.01.2019 | 21.12.2018 | Torstein Kinden Helleland |
| 800 80 000 | Din/Deres referanse | Telefon |
| Skatteetaten no | Marit Brastad | 22078139 |
| Org.nr | Vår referanse | Postadresse |
| 974761076 | 2019/5232102 | Postboks 9200 Grønland 0134 OSLO |

SUMIT UP AS
Bankveien 7
1383 ASKER

# Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Chrysaor Norge AS, org.nr. 919 496 649

Det vises til deres brev av 21. desember 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Chrysaor Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Chrysaor Norge 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**
Chrysaor Norge AS er et heleid datterselskap av det engelske Chrysaor E&P Ltd. Selskapet har som formål å drive virksomhet relatert til produksjon og leting etter hydrokarbon og virksomhet relatert til dette. Selskapets arbeidsspråk er engelsk. Selskapet opererer i sektorer, der engelsk er det klart dominerende språket. All kommunikasjon med selskapets primære kunder og kreditorer foregår på engelsk.

**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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapets er eiet av et utenlandsk selskap. Virksomheten er utpreget internasjonal og 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

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*

Side 2 / 2

# Harbour Energy Norge AS

Registered Company Number 919 496 649

**Report and Financial Statements**

31 December 2023

## Index

# Corporate information

### Directors

Alexander Krane

Howard Landes

Michael S. Haagaard

### Independent Auditors

Ernst & Young AS
Stortorvet 7
0155 Oslo
Norway

### Registered Office

Haakon VII's Gate 1
0161 Oslo
Norway

Company No. 919 496 649

# Directors' report

## THE BUSINESS

The original shelf company was incorporated in August 2017 and subsequently acquired and renamed as Chrysaor Norge AS (CNAS) in March 2018 and further renamed as Harbour Energy Norge AS (HENAS) in October 2022 (the 'Company') as a company engaged in oil and gas exploration and exploitation on the Norwegian Continental Shelf. The company is incorporated in Norway with Company Number 919 496 649 and has its primary place of business at Haakon VII's gate 1, 0161 Oslo.

## REVIEW OF BUSINESS AND OPERATIONS

The significant events during the year were:

- In January 2023, HENAS was awarded three (3) production licenses by the Ministry of Energy (MOE) in relation to the Awards in Predefined Areas (APA) 2022 Offshore Licensing Round; PL 1066 B (block 6507/3) where the company's working interest is 50%, PL 1155 B (blocks 6407/10) where the company's working interest is 20% and PL 1190 (blocks 6507/10 & 11) where the company's working interest is 50%.
- In January 2023, HENAS entered into a Sales and Purchase Agreement with Neptune Energy Norge AS under which HENAS will take over the operatorship and acquire an additional 20% working interest in PL 1113, increasing HENAS working interest to 50%. The transaction was approved by the authorities in March 2023.
- In February 2023, HENAS terminated and repaid the existing four (4) year Exploration Financing Facility with Skandinaviska Ensiled Banken (SEB) and ING Bank N.V.
- In February 2023, the licence partners relinquished PL 1034.
- In March 2023, the licence partners relinquished PL 973 and PL 973 B.
- In May 2023, the licence partners relinquished PL 1060.
- In May 2023, HENAS entered into a Sales and Purchase Agreement with OKEA ASA under which HENAS will divest a 10% working interest in PL 1113, reducing HENAS working interest to 40%. The transaction was approved by the authorities in June 2023.
- In June 2023, HENAS awarded a drilling contract to Noble Drilling Norge AS for Noble Integrator, comprising one (1) firm well. The Noble Integrator will be used in the PL 1138 one (1) well drilling campaign with a scheduled commencement in January 2024.
- In August 2023, HENAS participated in the APA 2023 Offshore Licensing Round.
- In September 2023, Equinor (Operator) spudded well 6307/1-2 designed to test the Triassic (Intra Carnian) JDE Prospect in PL 1058, using the Deepsea Stavanger semisubmersible rig.
- In October 2023, Equinor (Operator) completed well 6307/1-2 designed to test the Triassic (Intra Carnian) JDE Prospect in PL 1058. The well was drilled to a vertical depth of 2283 m below mean sea level using the Deepsea Stavanger semisubmersible rig with the following result:
  (i) The well encountered sandstones and conglomerates of overall poor quality
  (ii) The well is classified as dry, with no shows.
- In December 2023, HENAS received the consent from the Norwegian Ocean Industry Authority to drill 15/9 - 25 (Ametyst) as operator using the Noble Integrator Jack-Up rig.
- In December 2023, HENAS converted outstanding debt of US$ 27 349 909, equivalent to NOK 288 503 250, due to its sole shareholder Chrysaor E&P Ltd., into shares through a share capital increase.

As of 31st December 2023, the Company holds working interests in seventeen (17) licences on the Norwegian Continental Shelf.

# Directors' report (continued)

The Company worked actively in 2023 to streamline and high grade its portfolio which led to the drilling of two (2) wells in Q1 2024.

The Company's financial statements are prepared in accordance with IFRS® Accounting Standards as adopted by the European Union.

**FINANCIAL RESULTS**

The Company presents the accounts for the year ended 31 December 2023.

The Company had no operating income generated from production during the year. The operating costs consist mainly of write-downs of assets, exploration costs, salaries and personnel related costs in addition to administrative costs. The total operating costs in the period were NOK 350,7 million (2022: NOK 201,1 million), whereof NOK 305,7 million (2022: NOK 137,4 million) were related to write-down of assets, exploration and evaluation expenditures, and NOK 45,0 million (2022: NOK 63,7 million) to general and administrative costs.

The write-down of assets in the year were NOK 275,4 million (2022: NOK 90,9 million) and relates to the dry well costs for the 6307/1-2 (JDE) and impairment of the following licenses: PL 1032, PL 1058, PL 1060, PL 1087, PL 1089 and PL 1164.

The Company's net financial items amounted to a charge of NOK 3,0 million (2022: NOK 18,1 million) and consisted mainly of interest costs related to the parent company loan, foreign exchange losses and interest costs related to the terminated Exploration Financing Facility with Skandinaviska Enskilda Banken AB (SEB)/ING Bank N.V.

In June 2022, the Norwegian Parliament enacted changes in the Norwegian Petroleum Tax Act with effect from 1 January 2022. For companies in the exploration phase the changes represent a replacement of the exploration tax refund with an annual tax refund based on offshore tax losses. The exploration tax refund has historically been based on eligible exploration costs multiplied with the effective tax rate of 78%. The new tax loss refund is based on offshore tax losses multiplied with a special tax rate of 71,8%. In addition, as a transitional provision, the tax value of historical offshore tax losses will also be refunded. The total tax loss refund, together with changes in deferred tax resulted in a net tax credit of NOK 232,8 million in the income statement (2022: credit NOK 159,2 million).

The Company's net result after tax is a loss of NOK 121,0 million (2022: loss NOK 59,9 million).

The net cash inflow was NOK 87,4 million (2022: NOK 57,9 million outflow). The net cash inflow generated from financing activities was NOK 119,7 million (2022: NOK 272,9 million outflow), as a result of parent company funding, partly offset by repayment of the Exploration Financing Facility debt, whilst the net cash inflow from operating activities was NOK 215,6 million (2022: NOK 385,1 million inflow) which mainly consists of the loss before tax, offset by tax refund received and write-off of exploration assets. The net cash outflow from investing activities was NOK 247,9 million (2022: NOK 170,1 million) and consisted of investments in exploration and evaluation assets.

# Directors' report (continued)

**BALANCE SHEET AND FINANCING**

Total assets at 31 December 2023 were NOK 698,4 million (2022: NOK 624,0 million). Total assets consisted mainly of cash and cash equivalents, capitalised exploration and evaluation assets, right-of-use assets related to the office lease and the calculated tax refund from the Norwegian Tax Authorities which is due for reimbursement in Q4 2024.

In 2023, the Company was financed through funding from the parent company in addition to available cash and has a positive equity position of NOK 369,0 million, compared to a positive position of NOK 179,5 million in 2022. The total debt and liabilities in the company is NOK 329,4 million (2022: NOK 444,5 million) mainly related the deferred tax liability position and current short-term liabilities.

A Letter of Support provided by the parent company, confirms the shareholder's continued support and the funding commitment is regulated by a shareholder loan agreement formalised in Dec 2023.

Based on the above, the Board considers that the conditions for a going concern are fulfilled, and the financial statements have been prepared accordingly.

**FINANCIAL RISKS**

The Company considers the main financial risk factors to be the commodity prices and foreign exchange rates.

Despite the fact that the Company currently holds no interest in any producing assets, it considers the commodity prices to be an important parameter which will directly influence the overall cost level and competition within the industry and valuation of exploration assets which in turn will have a direct impact on the Company's ability to implement its strategy and objectives including acquisition of assets and ultimately the Company's further development.

The Company expect the domestic interest rate level will slightly decrease but this will have a limited impact on the Company's overall financing costs for the medium term.

The Norwegian Krone weakened compared to the US Dollar throughout 2023 but the currency exposure to the US Dollar has a limited impact of the financing costs.

**WORKING ENVIRONMENT, STAFF AND HSES**

As of 31 December 2023, the Company employed a total of twenty-eight (28) employees (2022: twenty-nine (29) employees). The highly competent team with comprehensive and diversified experience allows the Company to effectively manage all aspects of an exploration and production (E&P) business. Our commitment and continuous focus on a diverse, equitable and inclusive working environment is foundational to our values and behaviours. With more than 10 nationalities and close to 30% of the staff being women, we meet to a large degree our strategic goal to create an organisational culture build around Diversity, Equity and Inclusion (DE&I).

The absence due to sickness, including children's sickness, amounted to 3,18 % of total working hours in 2023 (2022: 1,17%).

# Directors' report (continued)

A primary goal for HENAS is to further develop a culture of openness with no barriers related to all aspects of HSES both within the Company and when working with stakeholders in order to secure a safe working environment, high level of quality and minimal impact on the environment. Our safety representative, union representatives and employee representative have had regular meetings with management and HR during the year.

HENAS is reporting on environmental data according to the regulations, standards and formats set out by the relevant authorities and its parent company Harbour Energy Plc.

Health and wellbeing have received focus throughout 2023. Our contracted Occupational Health Service has been engaged throughout the year and advised on activities for the year and had meeting with staff with focus on stress handling and change processes. There have also been other initiatives related to promoting health and fitness, better eating, and life balance. Annual personal health checks are offered to employees.

The Global HSES day was arranged in September including a rig visit and focus on Process Safety Fundamentals, Major Accident Risk, HSES aspects while drilling and Emergency response. These focus areas were closely linked to the planning of the upcoming operated drilling campaign in PL 1138 Ametyst.

Risk management is an important element in the planning phase of a drilling campaign and during the operational phase. Compliance with regulations and thorough plans have been a focus area.

The Emergency Response Organisation comprising the Company's employees and relevant external resources have been regularly trained to be prepared for the responsibility as an operator. In addition to tabletops, we have trained and streamlined our cooperation with our Crisis Management Team in the UK. Competency training within Incident Command System as part of the NOFO (Norsk Oljevernforening for operatører) agreement has been followed up.

HENAS has been actively involved in the discussions related to the well planning and followed up on risk management in the company's non-operated activities, in compliance with the see-to-it duty. The partner operated exploration well in PL 1058 was drilled without any incidents.

Our Business Management System (BMS) has been further developed, updated and rebranded during 2023. The continuous improvements have been possible with valuable input from many disciplines. Process flowcharts were published early in 2023.

Prior to commencing the operational planning phase for the PL 1138 well, the company had an external review of its management system related to operated activity. No deviations to regulations were identified and the identified improvements have been incorporated in the updated documents. There has not been any HSES related non-conformities during 2023.

**REPORTING NORWEGIAN GENDER EQUALITY ACT**

Harbour Energy Norge AS is committed to gender equality and the Board of Directors will ensure that this is promoted in the organisation by developing a range of procedures for internal publication which will promote gender equality in the Company. These procedures will include but are not limited to Equal Opportunities and Anti-Harassment and Bullying. Out of the twenty-eight (28) employees as of 31 December 2023, eight (8) are female. The Board of Director's consists of three (3) males.

**RESEARCH AND DEVELOPMENT**

Harbour Energy Norge AS participated in three (3) R&D projects during 2023;

# Directors' report (continued)

"The role of post-rift and syn-rift salt movement on Jurassic and Cretaceous deposition in the Steinbit Terrace, Central North Sea (NGU)".

The project investigated how syn- and post-rift halokinesis influenced deposition patterns during Jurassic and Cretaceous in a rift accommodation setting. Mapping of the faults, salt and seismic units enabled us to be predictive about the presence of the earliest transgressive sandstones of Oxfordian age (Basal Sandstone Unit) both on the Steinbit Terrace and in the Feda Graben. Part of the project, the regional fault framework, has been integrated into NGUs offshore fault database (BLIR project),

"Pilot project for statistical analyses of XRF NOROG data and GR in the South Viking Graben (Statsoft)".

Together with Statsoft, HENAS has been establishing an effective workflow of determining (dis)similarities between stratigraphic intervals with available XRF data (216) in the Southern Viking Graben. The project has used statistical analyses of the XRF data to find similar wells for the stratigraphic interval of interest. In 2023, the project has upgraded the existing Spotfire project in the South Viking Graben by adding and analysing Gamma Ray log together with XRF data.

" Zechtec project NFR 326965"

The Zechtech project is a Central North Sea salt-tectonic study in cooperation with University of Texas at Austin, University of Manchester, DNO and HENAS (Norwegian Research Council Project NFR 326965). The project focus on several salt related geological features throughout the geological history utilizing modern high- quality data. Main themes are stratigraphic correlations, depositional environment, salt wall structural styles and diagnostic criteria for inferring their origin and kinematics. Salt -sediment interaction is also an important element. ZechTec will provide a step-change in our understanding of the link between salt deposition, deformation and related sedimentation, helping to unlock the hydrocarbon potential of existing or emerging hydrocarbon systems.

**CORPORATE GOVERNANCE**

The Company has prepared and implemented a management system, which is monitored actively and continuously improved and updated by all relevant stakeholders. Two (2) General Meetings and fourteen (14) Board Meetings were conducted during 2023.

**FINANCIAL STATEMENTS AND ALLOCATIONS**

It is the Board of Directors' opinion that the financial statement including the income statement, the balance sheet including notes, the statement of changes in equity and the cash flow statement gives a true and fair view of the state of the affairs in the Company. The Board of Directors is not aware of any material matters regarding the Company's financial statement and affairs that are not reflected in the income statement and balance sheet statement.

The net loss for the year was NOK 121,0 million. The Board proposes that the net result is transferred to uncovered loss. The Company's equity position is positive by NOK 369,0 million, compared to a position of NOK 179,5 million as of 31 December 2022.

**SUBSEQUENT EVENTS**

In January, HENAS spudded well 15/9 - 25 designed to test the Middle Jurassic / Upper Triassic Ametyst Prospect in PL 1138, using the Noble Integrator Jack-up rig.

# Directors' report (continued)

In January 2024, HENAS was awarded one (1) production licence by the Ministry of Energy (MOE) in relation to the Awards in Predefined Areas (APA) 2023 Offshore Licensing Round; PL 1093 B (block 6507/3) where the company's working interest is 50%.

In January 2024, Vår Energi spudded 25/8-23S (Ringhorne North) in PL 956 where HENAS holds a 15% working interest.

In March 2024, HENAS completed well 15/9 - 25 designed to test the Middle Jurassic / Upper Triassic Ametyst Prospect (main target) and the Paleocene (Ty Fm.) Muskovitt Prospect (secondary target) in PL 1138. The well was drilled to a vertical depth of 2872m below mean sea level using the Noble Integrator Jack-up rig with the following result:
(i) In the main target the well encountered a 22m sandstone with very good quality in the Middle Jurassic (Hugin Fm) – the interval was not hydrocarbon-bearing.
(ii) In the secondary target the well encountered a 10m gas column in the Paleocene (Ty Fm).

In March 2024, Vår (Operator) completed well 25/8 – 23S designed to test the Paleocene (Ty Fm.) Ringhorne N Prospect (main target) with secondary targets in the Lower Jurassic (Statfjord Gp.), the Middle Triassic (Skagerrak Fm.) and Basement in PL 956. The well was drilled to a vertical depth of 2404m below mean sea level using the Deepsea Yantai semisubmersible rig with the following result:
(i) The well encountered a 5m oil collum in the Paleocene (Ty Fm.)
(ii) In the secondary targets the well encountered shows in the upper part of the Lower Jurassic (Statfjord Gp.) while no effective reservoir was encountered in the Middle Triassic (Skagerrak Fm.) and Basement.
Anchored in the proven oil collum and shows in the main borehole the licence decided to drill two (2) sidetracks with the following results:
(i) In sidetrack 1 the primary Paleocene (Ty Fm.) target was absent and the secondary target in the Lowe Jurassic (Statfjord Gp.) was water wet.
(ii) In sidetrack 2 the Paleocene (Ty Fm.) was absent and an 8m oil collum was encountered in the Lover Jurassic (Statfjord Gp.).

## MARKET OUTLOOK AND FUTURE PROSPECTS

The Board's view is that global energy demand will continue to increase, which in turn will lead to a stable demand for hydrocarbons despite the increased access to and demand for renewable energy. The Company's stated strategy of creating a full cycle E&P Company via safe and sustainable growth and being a visible and active player on the Norwegian Continental Shelf, in combination with an active farm-in market, leads the Board to be optimistic about the potential to acquire attractive producing assets through acquisition based growth.

## Directors' report (continued)

Oslo, 22 May 2024

DocuSigned by:
Alexander Krane
CD20FB65420F461...
Alexander Krane
*Chairman of the Board*

DocuSigned by:
Howard Landes
19BB707DFB164C3...
Howard Landes
*Board Member*

DocuSigned by:
6CC029313DAE483...
Michael S. Haagaard
*Board Member / Country Manager*

Company Registered No. 919 496 649

# Income statement

**for the year ending 31 December**

| | Note | 2023<br>NOK 000 | 2022<br>NOK 000 |
|---|---|---|---|
| ***Revenue*** | | - | - |
| Exploration & evaluation expenditure | 3 | (305 705) | (137 422) |
| General and administrative costs | 4,5 | (44 992) | (63 637) |
| ***Operating loss*** | | (350 697) | (201 059) |
| Finance income | 6 | 8 117 | 2 452 |
| Finance expenses | 6 | (11 158) | (20 558) |
| ***Loss before taxation*** | | (353 738) | (219 165) |
| Tax credit | 7 | 232 778 | 159 227 |
| ***Loss for the year*** | | (120 960) | (59 938) |

# Statement of comprehensive income

| | 2023<br>NOK 000 | 2022<br>NOK 000 |
|---|---|---|
| Loss for the year | (120 960) | (59 938) |
| ***Total comprehensive loss for the financial year*** | (120 960) | (59 938) |

The notes on pages 14 to 36 form part of these financial statements.

# Balance sheet

**as at 31 December**

| | Note | 2023 NOK 000 | 2022 NOK 000 |
|---|---|---|---|
| ***Non-current assets*** | | | |
| Furniture, fixtures & fittings | 9 | 1 592 | 1 486 |
| Right-of-use assets | 10 | 9 438 | 2 608 |
| Exploration and evaluation assets | 8 | 307 460 | 327 263 |
| ***Total non-current assets*** | | 318 490 | 331 357 |
| ***Current assets*** | | | |
| Tax refund | 7 | 217 505 | 206 055 |
| Debtors: amounts falling due within one year | 12 | 15 136 | 26 749 |
| Cash and cash equivalents | 13 | 147 244 | 59 888 |
| ***Total current assets*** | | 379 885 | 292 692 |
| ***Total assets*** | | 698 375 | 624 049 |
| ***Current liabilities*** | | | |
| Creditors: amounts falling due within one year | 14 | (110 005) | (74 428) |
| Lease liability | 17 | (6 136) | (2 684) |
| Intercompany loan | 16 | - | (39 616) |
| Exploration loan | 15 | - | (103 000) |
| ***Total current liabilities*** | | (116 141) | (219 728) |
| ***Non-current liabilities*** | | | |
| Lease liability | 17 | (3 787) | - |
| Deferred tax | 7 | (209 454) | (224 772) |
| ***Total non-current liabilities*** | | (213 241) | (224 772) |
| ***Total liabilities*** | | (329 382) | (444 500) |
| ***Net assets*** | | 368 993 | 179 549 |
| ***Capital and reserves*** | | | |
| Called up share capital | 21 | 30 | 30 |
| Share premium account | 21 | 464 789 | 464 789 |
| Unregistered share capital | 21 | 288 503 | - |
| Other paid-in capital | | 21 901 | - |
| Accumulated losses | | (406 230) | (285 270) |
| ***Total equity*** | | 368 993 | 179 549 |

The notes on pages 14 to 36 form part of these financial statements.

The financial statements on pages 10 to 36 were approved by the Board of Directors on 22 May 2024 and signed by:

DocuSigned by: Alexander Krane CD80FB65420E481...
Alexander Krane
*Chairman of the Board*

DocuSigned by: Howard Landes 19BB707DFB164C3...
Howard Landes
*Board Member*

DocuSigned by: 6CC029313DAE463...
Michael Haagaard
*Board Member / Country Manager*

Company Registration No: 919 496 649

# Statement of changes in equity

**for the year ended 31 December**

| | *Share capital NOK 000* | *Share premium account NOK 000* | *Un-registered share capital NOK 000* | *Other paid-in capital NOK 000* | *Accumu-lated losses NOK 000* | *Total NOK 000* |
|---|---|---|---|---|---|---|
| ***At 1 January 2022*** | 30 | 191 447 | 273 342 | - | (225 332) | 239 487 |
| Total comprehensive loss for the year | - | - | - | - | (59 938) | (59 938) |
| Registration of share issue | - | 273 342 | (273 342) | - | - | - |
| ***At 31 December 2022*** | 30 | 464 789 | - | - | (285 270) | 179 549 |
| Total comprehensive loss for the year | - | - | - | - | (120 960) | (120 960) |
| Conversion of debt | - | - | 288 503 | - | - | 288 503 |
| Share-based compensation | - | - | - | 21 901 | - | 21 901 |
| ***At 31 December 2023*** | 30 | 464 789 | 288 503 | 21 901 | (406 230) | 368 993 |

# Cash flow statement

**for the period ended 31 December**

| | Note | *2023* NOK 000 | *2022* NOK 000 |
|---|---|---|---|
| ***Cash flow from operating activities*** | | | |
| Loss before tax | | (353 738) | (219 165) |
| *Adjusted for:* | | | |
| Tax refund received in the year | | 206 055 | 453 706 |
| Depreciation and amortisation | 9, 10 | 6 456 | 5 250 |
| Exploration costs written off | 3, 8 | 275 406 | 90 850 |
| Finance expenses, excluding foreign exchange | 6 | 11 158 | 20 206 |
| Impact of changes in exchange rates without cash effect | | 10 554 | (1 321) |
| *Changes in working capital:* | | | |
| Decrease in accounts receivables and other receivables | | 11 613 | 5 450 |
| Increase in trade creditors and other accruals | | 48 080 | 30 106 |
| ***Net cash flow from operating activities*** | | 215 584 | 385 085 |
| ***Cash flow from investing activities*** | | | |
| Purchase of fixed assets | 9 | (1 646) | (328) |
| Investment in exploration and evaluation assets | | (246 251) | (169 740) |
| ***Net cash flow used in investing activities*** | | (247 897) | (170 068) |
| ***Cash flow from financing activities*** | | | |
| Proceeds from drawdown of bank loans, net of transaction costs incurred | | - | 104 000 |
| Interest paid | | (1 453) | (17 510) |
| Repayment of debt to credit institutions | | (104 000) | (396 000) |
| Proceeds from intercompany borrowings | 16 | 347 088 | 40 660 |
| Repayment of intercompany borrowings | 16 | (117 459) | - |
| Payment of lease liability | | (4 507) | (4 068) |
| ***Net cash flow from/(used in) financing activities*** | | 119 669 | (272 918) |
| ***Net cash flow from/(used in) the period*** | | 87 356 | (57 904) |
| Cash and cash equivalents at beginning of period | | 59 888 | 117 792 |
| ***Cash and cash equivalents at end of period*** | | 147 244 | 59 888 |

# Notes to the financial statements

**for the year ended 31 December 2023**

## 1. Authorisation of financial statements and corporate information

The financial statements of Harbour Energy Norge AS for the year ended 31 December 2023 were authorised for issue by the board of directors on 22 May 2024. The Company is a private company limited by share capital and domiciled in Norway. The Company's principal place of business is Oslo, Norway and its registered office is Haakon VII's Gate, 0161 Oslo, Norway.

The principal accounting policies adopted by the Company are set out in note 2.

## 2. Accounting policies

***Basis of preparation***

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU) and in accordance with the additional requirements following the Norwegian Accounting Act.

The financial statements have been prepared under the assumption of a going concern and on a historical cost basis.

***Balance sheet classification***

Current assets and current liabilities include items due less than a year from the balance sheet date, and items related to the operating cycle, if longer. Other assets and liabilities are classified as non-current. The current portion of non-current debt is included under current liabilities.

***Going concern***

The Directors have adopted the going concern basis of accounting for the preparation of the financial statements as the Company's parent company, Harbour Energy plc, is undertaking to directly provide the necessary financial support to the Company as and when required, to meet all liabilities for a period of at least 12 months from the date of signing these financial statements.

***Segment reporting***

The Company's activities consist of one class of business - the acquisition, exploration, development and production of oil and gas reserves and related activities in a single geographical area, the Norwegian Continental Shelf.

***Joint arrangements***

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Exploration and production operations are usually conducted through joint arrangements with other parties. The Company reviews all joint arrangements and classifies them as either joint operations or joint ventures depending on the rights and obligations of each party to the arrangement and whether the arrangement is structured through a separate vehicle. All interests in joint arrangements held by the Company are classified as joint operations.

In relation to its interests in joint operations, the Company recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

***Foreign currency translation***

The Company's functional currency and presentation currency is Norwegian Kroner (NOK).

Transactions recorded in foreign currencies are initially recorded in the Company's functional currency by applying an average rate of exchange. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the Income statement. Non-monetary assets and liabilities denominated in foreign currencies are measured at historic cost based on exchange rates at the date of the transaction and subsequently not retranslated.

**Oil and gas assets**

***Exploration and evaluation assets***

Exploration and evaluation expenditure is accounted for using the successful efforts method of accounting having regard to the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources.

***Pre-licence costs***

Pre-licencing costs are expensed in the year in which they are incurred.

***Licence and property acquisition costs***

Licence and property acquisition costs paid in connection with a right to explore in an existing exploration area are capitalised as exploration and evaluation costs within intangible assets.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds that recoverable amount. If no future activity is planned or the related licence has been relinquished or has expired, the carrying value of the property acquisition costs is written off through the Income statement. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties within development and production assets.

***Exploration and evaluation costs***

Once the legal right to explore has been acquired, costs directly associated with the exploration are capitalised as exploration and evaluation intangible non-current assets until the exploration is complete and the results have been evaluated. If no potential commercial resources are discovered, the exploration asset is written off.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least annually. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the Income statement.

***Farm-outs - in the exploration and evaluation phase***

The Company does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but re-designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited

## Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

**Non-oil and gas assets**

***(a) Property, plant and equipment - fixtures and fittings and office equipment***

Fixtures and fittings and office equipment is stated at cost less accumulated depreciation and impairment. Depreciation is provided for on a straight-line basis at rates sufficient to write off the cost of the assets less any residual value over their estimated useful economic lives. The depreciation periods for the principal categories of assets are as follows:

- Fixtures and fittings: up to 10 years.
- Office furniture and equipment: 3-5 years.

***(b) Intangible assets***

Intangible assets, which principally comprise IT software, are carried at cost less any accumulated amortisation. These assets are amortised on a straight-line basis over their useful economic lives of up to three years.

***Impairment of non-current assets***

In accordance with IAS 36, impairment tests are carried out on items of property, plant and equipment and intangible assets where there is an indicator of impairment, or an indicator identified that a prior year impairment may have reversed or decreased. Such indications may be based on events or changes in the market environment, or on internal sources of information.

Property, plant and equipment and intangible assets with finite useful lives are only tested for impairment when there is an indication that they may be impaired. This is generally the result of significant changes to the environment in which the assets are operated or when asset performance is significantly lower than expected.

***Financial Instruments***

(a) ***Financial Assets***

The Company uses two criteria to determine the classification of financial assets: the Company's business model and contractual cash flow characteristics of the financial assets. Where appropriate the Company identifies three categories of financial assets: amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI).

*Financial assets held at amortised cost*

Financial assets held at amortised cost are initially measured at fair value except for trade debtors which are initially measured at cost. Both are subsequently carried at amortised cost using the effective interest rate (EIR) method, less impairment. The EIR amortisation is presented within finance income in the Income statement.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

*Impairment of financial assets*
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

(b) ***Financial liabilities***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

*Borrowings and Loans*
Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

*Derecognition*
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

***Employee Benefits***

***(a) Pensions***

According to Norwegian law employees are mandatory members of the Company's Pension Scheme ("obligatorisk tjenestepensjon"). The scheme is based on a contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

***(b) Share-based payment***

Warrants and other equity instruments in the ultimate parent company granted to employees are measured by reference to the fair value of the warrants or other equity instruments at the date on which they are granted. The fair value of the warrants or other equity instruments is

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

estimated on the grant date and expensed over the vesting period. The vesting period is the period in which the performance conditions are fulfilled, ending on the date on which they become entitled to the award ('vesting date').

***Leases***

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of lease term and useful life.

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis reflecting the net present value of the fixed lease payments and amounts expected to be payable by the Company assuming leases run to full term. The lease payments are discounted using the Company's incremental borrowing rate.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

***Taxes***

(a) ***Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or directly in equity not in the income statement.

In June 2022, the Norwegian Parliament enacted changes in the Norwegian Petroleum Tax Act with effect from 1 January 2022. For companies in the exploration phase the changes represented a replacement of the exploration tax refund with an annual tax refund based on tax offshore losses. The exploration tax refund has historically been based on eligible exploration costs multiplied with the effective tax rate of 78%. The new tax loss refund is based on offshore tax losses multiplied with a new special tax rate of 71.8%. In addition, as a transitional provision, the tax value of historical offshore tax losses will also be refunded.

(b) ***Deferred tax***

Deferred taxation is recognised in respect of all timing differences arising between the tax bases of the assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Deferred income tax assets are recognised only to the extent that it is probable that the taxable profit will be available against which the deductible temporary difference, carried forward tax credits or tax losses can be utilised.
- Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

The carrying amount of the deferred income tax asset is reviewed at each balance sheet date.

- Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to be offset current assets against current tax liabilities, the deferred income tax relates to the same tax authority and that same tax authority permits the Company to make a single net payment.

The carrying amount of deferred income tax assets are reviewed at each balance sheet date. Net deferred income tax assets are only recognised to the extent that there is sufficient future taxable profit available to allow the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

***Interest income***

Interest income is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate applicable.

***Cash flow statement***

The cash flow statement is prepared using the indirect method for operating activities and the direct method for investing and financing activities.

***Related parties***

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial or operational decisions. Parties are also related if they are subject to common control.

Transactions between related parties are transfers of resources, services or obligations, regardless of whether a price is charged. All transactions between related parties are made based on the principle of ‘arm’s length’, which is the estimated market price.

***New accounting standards and interpretations***

The Company adopted new and revised accounting standards and interpretations relevant to its business and effective for accounting periods beginning on or after 1 January 2023 but none of these had any significant impact on the Company’s financial statements.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2024. None of these new standards and amendments to standards and interpretations have been applied in preparing these financial statements and they are not expected to have any significant impact on the Company’s financial statements upon implementation.

***Critical judgements and estimates***

The preparation of the Company’s financial statement requires management to make judgements, estimates and assumptions at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In particular the Company has identified the following areas where significant judgement, estimates and assumptions are required:

## Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

*Exploration and evaluation expenditure*
The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in the Income statement in the period when the new information becomes available.

*Climate Change*
The Group monitors global climate change and energy transition developments and plans accordingly. Management recognises there is a general high level of uncertainty about the speed and scale of impacts which, together with limited historical information, provides significant challenges in the preparation of forecasts and plans with a range of possible future scenarios.

All new economic investment decisions include the cost of carbon and opportunities are assessed on their climate-impact potential and alignment with Harbour Energy's Net Zero goal, taking into consideration both GHG volumes and intensity. Emissions reduction incentives are part of staff remuneration and annual bonus schemes.

As a result, climate change and the energy transition have the potential to significantly impact the accounting estimates adopted by management and therefore the valuation of assets and liabilities reported on the balance sheet. On an ongoing basis management continues to assess the potential impacts on the significant judgements and estimates used in the financial statements. Estimates adopted in the preparation of the financial statements reflect management's best estimate of future market conditions where, in particular, commodity prices can be volatile. Notwithstanding the challenges around climate change and the energy transition, it is management's view that the financial statements are consistent with the disclosures in this report.

**Intangible assets – exploration and evaluation assets**
The energy transition has the potential to affect the future development or viability of exploration and evaluation prospects. Any portion of the Group's exploration and evaluation assets relates to prospects that could be tied back to existing infrastructure and hence require less capital investment and are less exposed to the impacts of the energy transition compared to large frontier developments. At each balance sheet date, all exploration and evaluation prospects are reviewed against the Group's financial framework to ensure that the continuation of activities is planned and expected.

### 3. Exploration and evaluation expenditure

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Exploration costs written off (see note 8) | 275 406 | 90 850 |
| Pre-licence seismic and other direct pre-licence purchases | 10 958 | 27 642 |
| Allocation of indirect costs | 19 341 | 18 930 |
| | 305 705 | 137 422 |

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

## 4. Salary and personnel costs

(a) Personnel costs

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Salaries | 60 301 | 63 233 |
| Social security tax | 14 612 | 7 913 |
| Pension expenses | 5 129 | 4 602 |
| Other benefits | 11 760 | 13 973 |
| Allocation to operated licences, exploration expenditure and capitalised exploration | (69 435) | (52 961) |
| ***Total salary and personnel costs*** | 22 367 | 36 760 |
| Total other operating expenses, see note 5 | 22 625 | 26 877 |
| ***Total general and administrative costs*** | 44 992 | 63 637 |
| Average number of man-years during the period | 28 | 29 |

The pension arrangements fulfil the requirements in the Norwegian law of mandatory occupational pension ("lov om obligatorisk tjenestepensjon").

The Harbour Group has a Long Term Incentive Plan ("LTIP") whereby personnel in specified categories are awarded rights to potential shares in the ultimate parent company. The vesting of the potential shares in the LTIP is conditional of the performance of the share value of the ultimate parent company and of benchmarking with the performance of a selection of comparable companies. In addition, a Restricted Share Unit plan ("RSU") has been introduced, where certain employees are awarded potential shares in the ultimate parent company.

(b) Remuneration of Country Manager

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Salary | 2 490 | 2 390 |
| Bonus | 1 493 | 569 |
| Pension | 233 | 225 |
| Other benefits | 304 | 10 |
| | 4 520 | 3 194 |

The Country Manager has a 6 month contractual notice period. There is no agreement regarding severance pay on termination of employment to the Country Manager. No loans have been granted and no guarantees have been issued to the Country Manager. The Country Manager has an agreement regarding bonus, given certain criteria, and is also included in the Long Term Incentive Plan described above.

## Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

(c) Compensation to Board of Directors

There has been no remuneration to the Board of Directors in 2023 or 2022. There is no agreement regarding severance pay on termination and no loans have been granted and no guarantees have been issued to any member of the Board of Directors.

### 5. Other operating expenses

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Hired personnel and services | 54 842 | 8 656 |
| Intercompany services * | 20 934 | 19 968 |
| Depreciation, amortisation and write-downs | 6 457 | 5 250 |
| Other operating expenses | 5 713 | 15 505 |
| Allocation to operated licences, exploration expenditure and capitalised exploration | (65 321) | (22 502) |
| ***Total other operating expenses*** | 22 625 | 26 877 |
| Total salary and personnel costs, see note 4 | 22 367 | 36 760 |
| ***Total general and administrative costs*** | 44 992 | 63 637 |

* The majority of the intercompany services relates to the re-invoicing of 3rd party services related to IT, including IT hardware/software, as well as travel expenses as the Harbour Energy Group purchases such services at a central level.

*Remuneration to auditor is allocated as specified below:*

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Auditors' remuneration | 643 | 660 |
| Other attestation services | 245 | 104 |
| | 888 | 764 |

### 6. Finance income and finance expenses

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| ***Finance income*** | | |
| Interest receivable | 7 872 | 2 452 |
| Foreign exchange gain | 245 | - |
| | 8 117 | 2 452 |

## Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

| | | |
|---|---|---|
| ***Finance expenses*** | | |
| Intercompany interest payable | (8 704) | (277) |
| Other interest payable | (1 616) | (19 466) |
| Other financial expenses | (838) | (463) |
| Foreign exchange loss | - | (352) |
| | (11 158) | (20 558) |
| ***Net Finance expenses*** | (3 041) | (18 106) |

### 7. Tax credit

(a) Tax credit in the income statement

The major components of income tax credit for the years ended 31 December 2023 and 2022 are:

| | *2023* *NOK 000* | *2022* *NOK 000* |
|---|---|---|
| ***Current income tax:*** | | |
| Tax refund current year | 217 460 | 206 055 |
| Adjustment current tax prior year | - | 6 |
| Changes in deferred tax | 15 318 | (46 834) |
| ***Tax credit in the Income statement*** | 232 778 | 159 227 |

(b) Reconciliation of the total tax credit

| | *2023* *NOK 000* | *2022* *NOK 000* |
|---|---|---|
| Loss before taxation | (353 738) | (219 165) |
| Expected income tax, 78.004% | 275 930 | 170 957 |
| Permanent differences and valuation allowance | (35 729) | (145) |
| Financial and onshore items | (7 423) | (11 722) |
| Adjustments prior year and other | - | 137 |
| ***Total tax credit reported in the income statement*** | 232 778 | 159 227 |
| Effective tax rate | 66% | 73% |

## Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

(c) Deferred tax included in the balance sheet is as follows:

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Non-current assets | (238 036) | (254 058) |
| Other timing differences | 10 484 | 8 842 |
| Tax losses carried forward, corporate tax 22% | 41 702 | 20 444 |
| Deferred tax asset not recognised | (23 604) | - |
| ***Deferred tax*** liability in the balance sheet | (209 454) | (224 772) |

Deferred tax is calculated based on tax rates applicable on the balance sheet date. From 1 January 2022 the corporate tax rate is unchanged at 22% and the special petroleum tax rate is increased from 56% to 71.8% with a deduction in the special tax basis of a calculated corporate tax. With this deduction the total effective tax rate is 78.004%.

In June 2022, the Norwegian Parliament enacted changes in the Norwegian Petroleum Tax Act with effect from 1 January 2022. For companies in the exploration phase the changes represent a replacement of the exploration tax refund with an annual tax refund based on offshore tax losses. The exploration tax refund has historically been based on eligible exploration costs multiplied with the effective tax rate of 78%. The new tax loss refund is based on offshore tax losses multiplied with a new special tax rate of 71.8%.

There is no time limit on the right to carry tax losses forward in Norway.

Specification of tax refund in the balance sheet

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Tax refund current year income statement | 217 460 | 206 055 |
| Tax refund recorded on acquisition of licence | 45 | - |
| ***Tax refund in the balance sheet*** | 217 505 | 206 055 |

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

## 8. Exploration and evaluation assets

| | *Exploration & evaluation assets NOK 000* |
|---|---|
| At 1 January 2023 | 327 263 |
| Additions | 255 603 |
| Amounts written off | (275 406) |
| At 31 December 2023 | 307 460 |

| | NOK 000 |
|---|---|
| At 1 January 2022 | 254 204 |
| Additions | 163 909 |
| Amounts written-off | (90 850) |
| At 31 December 2022 | 327 263 |

The following prospects have been written off in 2023:
- The first well in PL 1058 which was characterised as a dry well;
- PL 1032, PL 1058, PL 1060, PL 1087, PL 1089 and PL 1164 have either been relinquished or there is a firm decision to relinquish, and the remaining net book values have been written off.

The Company has assessed whether there are any impairment indicators present at year end 31 December 2023 for the remaining prospect portfolio. These prospects are either in an early stage or they are prospects that the Company plans to mature with further exploration activities in the coming periods. For these prospects, the Company has therefore concluded that no impairment indicators are present at year end.

Subsequent to year end two exploration wells have been drilled in licences held by the Company; one operated well in PL 1138 and another well operated by Vår Energi in PL 956. (See note 23 for further details). The drilling operations in both licences encountered hydrocarbons. The amount of resources encountered by the wells and the related commercial potential are currently under evaluation.

The Company's share of committed capital expenditure in 2024 is NOK 402 million.

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

## 9. Property, plant and equipment

| | *Furniture, fixtures and office machines NOK 000* |
|---|---|
| ***Cost:*** | |
| At 1 January 2023 | 7 990 |
| Additions | 1 646 |
| Disposals | - |
| At 31 December 2023 | 9 636 |
| ***Accumulated Depreciation:*** | |
| At 1 January 2023 | (6 504) |
| Charge for the year | (1 540) |
| At 31 December 2023 | (8 044) |
| ***Net book value:*** | |
| At 31 December 2023 | 1 592 |

| | *NOK 000* |
|---|---|
| ***Cost:*** | |
| At 1 January 2022 | 7 662 |
| Additions | 328 |
| Disposals | - |
| At 31 December 2022 | 7 990 |
| ***Accumulated Depreciation:*** | |
| At 1 January 2022 | (4 741) |
| Charge for the year | (1 763) |
| At 31 December 2022 | (6 504) |
| ***Net book value:*** | |
| At 31 December 2022 | 1 486 |

| | |
|---|---|
| Economic life | 3-5 years |
| Depreciation method | Straight line |

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

## 10. Right-of-use-assets

| | *Right of Use Assets* |
|---|---|
| | *NOK 000* |
| ***Cost:*** | |
| At 1 January 2023 | 15 750 |
| Additions | 11 746 |
| Disposals | - |
| At 31 December 2023 | 27 496 |
| ***Accumulated Depreciation:*** | |
| At 1 January 2023 | (13 142) |
| Charge for the year | (4 916) |
| At 31 December 2023 | (18 058) |
| ***Net book value:*** | |
| At 31 December 2023 | 9 438 |

| | *NOK 000* |
|---|---|
| ***Cost:*** | |
| At 1 January 2022 | 15 750 |
| Additions | - |
| Disposals | - |
| At 31 December 2022 | 15 750 |
| ***Accumulated Depreciation:*** | |
| At 1 January 2022 | (9 655) |
| Charge for the year | (3 487) |
| At 31 December 2022 | (13 142) |
| ***Net book value:*** | |
| At 31 December 2022 | 2 608 |

| | |
|---|---|
| Depreciation period | Lease period |
| Depreciation method | Straight line |

The right-of-use assets are offices that the Company leases.

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

## 11. Jointly controlled assets

The Company accounts for jointly controlled assets by recognising its share of the arrangement's asset, liabilities and cash flows. At year end the Company holds the follow licence interests:

| | Working interest | Operator | End of concession period |
|---|---|---|---|
| PL 1087 | 50% | Harbour Energy Norge AS | February 2028 |
| PL 1093 | 50% | Harbour Energy Norge AS | February 2028 |
| PL 1113 | 40% | Harbour Energy Norge AS | February 2028 |
| PL 1114 | 40% | Harbour Energy Norge AS | February 2028 |
| PL 1138 | 40% | Harbour Energy Norge AS | March 2028 |
| PL 1190 | 50% | Harbour Energy Norge AS | February 2030 |
| PL 956 | 15% | Vår Energi AS | March 2027 |
| PL 1032 | 40% | Aker BP ASA | February 2027 |
| PL 1058 | 40% | Equinor Energy AS | February 2027 |
| PL 1066 | 50% | Aker BP ASA | February 2027 |
| PL 1066 B | 50% | Aker BP ASA | February 2028 |
| PL 1089 | 50% | Aker BP ASA | February 2028 |
| PL 1092 | 50% | Aker BP ASA | February 2028 |
| PL 1155 | 20% | Wintershall DEA Norge AS | March 2029 |
| PL 1155 B | 20% | Wintershall DEA Norge AS | March 2029 |
| PL 1162 | 30% | Aker BP ASA | March 2029 |
| PL 1164 | 30% | Aker BP ASA | March 2029 |

In January 2024 the Company was awarded one additional production licence by the Ministry of Petroleum and Energy (MPE) in relation to the APA 2023 Offshore Licensing Round, see note 23.

## 12. Debtors: amounts falling due within one year

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Trade debtors | 1 839 | - |
| Intercompany receivable | - | 1 429 |
| Prepayments | 10 764 | 14 873 |
| VAT receivable | 2 443 | 1 583 |
| Overcall, joint operations | - | 8 672 |
| Oher items from joint interest billing | 90 | 192 |
| | 15 136 | 26 749 |

Trade receivables are non-interest bearing and are generally on 20 to 30 days' terms. As at 31 December 2023, there were no (2022: nil) trade receivables that were past due but not impaired.

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

## 13. Cash and cash equivalents

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Cash at bank and in hand, unrestricted | 144 075 | 57 219 |
| Bank deposit, employee taxes | 3 169 | 2 669 |
| | 147 244 | 59 888 |

## 14. Creditors: amounts falling due within one year

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Trade creditors | 34 469 | 15 797 |
| Intercompany payable | 5 137 | 2 421 |
| Accrued holiday pay and employee benefit provision | 22 963 | 37 789 |
| Public duties payable | 5 850 | 4 617 |
| Undercall, joint operations | 5 981 | - |
| Accruals | 36 605 | 13 804 |
| | 110 005 | 74 428 |

All liabilities fall due within 12 months from the balance sheet date.

## 15. Current borrowings, exploration loan

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Exploration financing facility, funds drawn | - | 104 000 |
| Exploration financing facility, transaction costs | - | (1 000) |
| | - | 103 000 |

In July 2019, the Company entered into an Exploration Financing Facility agreement with Skandinaviska Enskilda Banken (SEB) of NOK 750 million with an accordion option of NOK 250 million. The expiry date of the facility was 31 December 2021 with an option to extend to 31 December 2022. In March 2021 the agreement was extended to 31 December 2022, the available amount was increased to NOK 1 000 million, and the accordion option was increased to NOK 600 million. In addition, ING Bank N.V. was added as a lender with 25% of the available amount. Available amount for funding will at all times be 95% of the tax value of the eligible costs which have not already been refunded by tax authorities. Interest rate is NIBOR 3 months + 1.5%.

The loan is secured by a first priority pledge of the tax receivable from the exploration refund pursuant to the Norwegian Petroleum Tax Act.

In February 2023, the Company terminated and repaid the Exploration Financing Facility with Skandinaviska Enskilda Banken (SEB) and ING Bank N.V.

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

## 16. Intercompany loan

The Company is funded by its immediate parent company Chrysaor E&P Limited. All funds drawn have been denominated in USD and interest has been calculated at a rate of 3.5% p.a.

In December 2023 the intercompany loan agreement described above was replaced by a new intercompany loan agreement with Chrysaor E&P Finance Limited. The new facility, which is in aggregate of USD 125 million, has a term of 3 years and carries no interest.

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| Intercompany loan period beginning | 39 616 | - |
| Cash flows: | | |
| Proceeds from intercompany borrowings | 347 088 | 40 660 |
| Repayment of intercompany borrowings | (117 459) | - |
| ***Total cash flows*** | 229 629 | 40 660 |
| | | |
| Non-cash changes: | | |
| Accrued interest | 8 704 | 277 |
| Foreign exchange | 10 554 | (1 321) |
| Conversion of loan to equity | (288 503) | - |
| ***Total intercompany loan period end*** | - | 39 616 |

## 17. Lease liabilities

The lease liability is related to leasing of offices. See also note 10.

**Lease liability**

| | *2023* | *2022* |
|---|---|---|
| | *NOK 000* | *NOK 000* |
| ***Lease liability 1 January*** | 2 684 | 6 752 |
| Additions lease contracts | 11 746 | - |
| Accretion lease liability, included in finance cost | 837 | 398 |
| Cash payments, lease liability and interest | (5 344) | (4 466) |
| ***Lease liability 31 December*** | 9 923 | 2 684 |
| | | |
| Current lease liability | 6 136 | 2 684 |
| Non-current lease liability | 3 787 | - |
| ***Lease liability 31 December*** | 9 923 | 2 684 |

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

Future minimum lease payments under non-cancellable lease agreement (undiscounted):

| *As at 31 December* | *2023 NOK 000* | *2022 NOK 000* |
|---|---|---|
| Within 1 year | 6 136 | 3 170 |
| 1 to 5 years | 4 602 | - |
| | 10 738 | 3 170 |

## 18. Financial risk management

***Overview***

The Company is exposed to a variety of risks, including credit risk, liquidity risk, interest rate risk and currency risk. This note presents information about the Company's exposure to each of the above-mentioned risks, and the Company's objectives, policies and processes for managing such risks. The note also presents the Company's objectives, policies and process for managing capital.

***Credit risk***

The Company has no significant credit risk. The Company is exposed to credit risk related to trade receivables and cash and cash equivalents. Sales are only made to customers that have not experienced any significant payment problems. Cash and cash equivalents are receivables from banks.

***Liquidity risk***

Liquidity risk is the risk of being unable to pay financial liabilities as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its financial liabilities as they fall due, under normal as well as extraordinary circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below shows a maturity analysis for financial liabilities:

The cash flows below assume repayment on the latest date available, even if expected repayment may be earlier.

| *As at 31 December 2023* | *Carrying amount NOK 000* | *Cash flow NOK 000* | *< 1 year NOK 000* | *1-5 years NOK 000* |
|---|---|---|---|---|
| Trade and other payables | 39 606 | 39 606 | 39 606 | - |
| ***Total financial liabilities*** | 39 606 | 39 606 | 39 606 | - |

## Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

| *As at 31 December 2022* | *Carrying amount NOK 000* | *Cash flow NOK 000* | *< 1 year NOK 000* | *1-5 years NOK 000* |
|---|---|---|---|---|
| Trade and other payables | 18 218 | 18 218 | 18 218 | - |
| Intercompany loan | 39 616 | 39 616 | 39 616 | |
| Current borrowings, exploration loan | 103 000 | 108 843 | 108 843 | - |
| ***Total financial liabilities*** | 160 834 | 166 677 | 166 677 | - |

The table below shows a maturity analysis for financial assets:

| *As at 31 December 2023* | *Carrying amount NOK 000* | *Cash flow NOK 000* | *< 1 year NOK 000* | *1-5 years NOK 000* |
|---|---|---|---|---|
| Trade and other receivables | 1 839 | 1 839 | 1 839 | - |
| Cash and cash equivalents | 147 244 | 147 244 | 147 244 | - |
| ***Total financial assets*** | 149 083 | 149 083 | 149 083 | - |

| *As at 31 December 2022* | *Carrying amount NOK 000* | *Cash flow NOK 000* | *< 1 year NOK 000* | *1-5 years NOK 000* |
|---|---|---|---|---|
| Trade and other receivables | 10 101 | 10 101 | 10 101 | - |
| Cash and cash equivalents | 59 888 | 59 888 | 59 888 | - |
| ***Total financial assets*** | 69 989 | 69 989 | 69 989 | - |

***Interest rate risk***
The Company has no borrowings with floating interest rate conditions and is consequently not exposed to interest rate risk related to borrowings.

***Currency risk***
The Company is exposed to foreign exchange rate risk related to the value of NOK relative to other currencies. Throughout 2023, the Company's main exposure to currency risk has been the intercompany loan which has been denominated in US Dollar. This loan was in December 2023 settled by conversion and repayment and at year end 2023 the currency exposure is mainly related to bank deposits denominated in US Dollar.

Sensitivity analysis at 31 December 2023:

- If the NOK had gained 10% against the US Dollar, the Company's net loss would have been NOK 1.9 million lower.
- If the NOK had weakened 10% against the US Dollar, the Company's net loss would have been NOK 1.9 million higher.

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

Sensitivity analysis at 31 December 2022:

- If the NOK had gained 10% against the US Dollar, the Company's net loss would have been NOK 1.3 million higher.
- If the NOK had weakened 10% against the US Dollar, the Company's net loss would have been NOK 1.3 million lower.

***Capital management***
The overall objective of the Company is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions.

## 19. Financial instruments

***Financial instruments by category***

| ***Financial assets*** *As at 31 December 2023* | *Amortised cost* *NOK 000* | *Total carrying amount* *NOK 000* |
|---|---|---|
| Debtors: amounts falling due within one year | 1 839 | 1 839 |
| Cash and cash equivalents | 147 244 | 147 244 |
| ***Total*** | 149 083 | 149 083 |

| ***Financial liabilities*** *As at 31 December 2023* | *Amortised cost* *NOK 000* | *Total carrying amount* *NOK 000* |
|---|---|---|
| Creditors: amounts falling due within one year | 39 606 | 39 606 |
| ***Total*** | 39 606 | 39 606 |

Prepaid expenses, VAT receivable, accrued receivables and accrued expenses are not included.

| ***Financial assets*** *As at 31 December 2022* | *Amortised cost* *NOK 000* | *Total carrying amount* *NOK 000* |
|---|---|---|
| Debtors: amounts falling due within one year | 10 101 | 10 101 |
| Cash and cash equivalents | 59 888 | 59 888 |
| ***Total*** | 69 989 | 69 989 |

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

| ***Financial liabilities*** | *Amortised cost* | *Total carrying amount* |
|---|---|---|
| *As at 31 December 2022* | *NOK 000* | *NOK 000* |
| Creditors: amounts falling due within one year | 18 218 | 18 218 |
| Intercompany loan | 39 616 | 39 616 |
| Current borrowings, exploration loan | 103 000 | 103 000 |
| ***Total*** | 160 834 | 160 834 |

Prepaid expenses, VAT receivable, accrued receivables and accrued expenses are not included.

***Fair value of financial instruments***

It is assessed that the carrying amounts of financial assets and creditors and intercompany loan is approximately equal to its fair values. For current borrowings, exploration loan it is assessed that the fair value is nil at year end 2023 (2022: approximately equal to nominal value of NOK 104 million).

## 20. Contingent liabilities and other commitments

The Company has not been involved in any legal or financial disputes in 2023 or 2022.

***Minimum work programmes***

The Company is required to participate in the approved work programmes for the licences. See note 8 for a specification of future committed capital expenditure.

***Liability for damages / insurance***

The Company's operations involve risk for damages, including pollution. The operations are covered by an operation insurance policy.

***Seismic uplift/seismic transfer fee***

The Company has entered into contracts for purchase of seismic data that will entitle the vendors to additional amounts ("seismic uplift") if the Company is awarded exploration licences in the area of the seismic data. See note 23.

## 21. Called up share capital

| | *2023* | *2022* |
|---|---|---|
| Ordinary shares of NOK 1 each | 30 002 | 30 002 |

Harbour Energy Norge AS has one class of shares with equal rights for all shares. No dividends have been proposed or paid in 2023 or 2022. All shares are owned by Chrysaor E&P Limited.

The share capital was increased by one share at NOK 1 nominal value and NOK 288 503 249 share premium in December 2023 by conversion of debt to the shareholder. The capital increase was registered in 2024.

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

## 22. Related party disclosure

See note 4 for information about compensation to Country Manager and Board of Directors.

The Company has also purchased services from the group company Harbour Energy Services Limited (formerly Chrysaor E&P Services Limited). The amount is specified in note 5.

See note 16 for information about loan from parent company Chrysaor E&P Limited. Interest expense relating to this loan is specified in note 6.

See note 12 for information about short-term receivable and note 14 for information about short-term payable from/to the group company Chrysaor Finance Limited.

## 23. Post balance sheet events

In January 2024, the Company was awarded one (1) production licenses by the Ministry of Petroleum and Energy (MPE) in relation to the Awards in Predefined Areas (APA) 2023 Offshore Licensing Round; PL 1093B (block 6507/3) where the company's working interest is 50%.

The award of the licence mentioned above has triggered additional payments related to seismic uplift to vendors in accordance with and regulated by the existing Master Licence Agreements. See note 20. The additional payments of seismic uplift amounts to approximately 4.5 million and will be accounted for in 2024.

In January, HENAS spudded well 15/9 - 25 designed to test the Middle Jurassic / Upper Triassic Ametyst Prospect in PL 1138, using the Noble Integrator Jack-up rig.

In January 2024, Vår Energi spudded 25/8-23S (Ringhorne North) in PL 956 where HENAS holds a 15% working interest.

In March 2024, HENAS completed well 15/9 - 25 designed to test the Middle Jurassic / Upper Triassic Ametyst Prospect (main target) and the Paleocene (Ty Fm.) Muskovitt Prospect (secondary target) in PL 1138. The well was drilled to a vertical depth of 2872m below mean sea level using the Noble Integrator Jack-up rig with the following result:
(i) In the main target the well encountered a 22m sandstone with very good quality in the Middle Jurassic (Hugin Fm) - the interval was not hydrocarbon-bearing.
(ii) In the secondary target the well encountered a 10m gas column in the Paleocene (Ty Fm).

In March 2024, Vår (Operator) completed well 25/8 - 23S designed to test the Paleocene (Ty Fm.) Ringhorne N Prospect (main target) with secondary targets in the Lower Jurassic (Statfjord Gp.), the Middle Triassic (Skagerrak Fm.) and Basement in PL 956. The well was drilled to a vertical depth of 2404m below mean sea level using the Deepsea Yantai semisubmersible rig with the following result:
(i) The well encountered a 5m oil collum in the Paleocene (Ty Fm.)
(ii) In the secondary targets the well encountered shows in the upper part of the Lower Jurassic (Statfjord Gp.) while no effective reservoir was encountered in the Middle Triassic (Skagerrak Fm.) and Basement.
Anchored in the proven oil collum and shows in the main borehole the licence decided to drill two (2) sidetracks with the following results:
(i) In sidetrack 1 the primary Paleocene (Ty Fm.) target was absent and the secondary target in the Lowe Jurassic (Statfjord Gp.) was water wet.
(ii) In sidetrack 2 the Paleocene (Ty Fm.) was absent and an 8m oil collum was encountered in the Lover Jurassic (Statfjord Gp.).

The amount of resources encountered by the wells and the related commercial potential are currently under evaluation.

# Notes to the financial statements

**for the year ended 31 December 2023 (continued)**

## 24. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Chrysaor E&P Limited. The ultimate and controlling parent is Harbour Energy plc, a company incorporated in Great Britain and registered in Scotland. Harbour Energy plc is the parent undertaking of the largest and smallest group of which the company is a member and for which group financial statements are prepared. Copies of these consolidated financial statements are available upon request from Harbour Energy plc, 23 Lower Belgrave Street, London SW1W 0NR.

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Medlemmer av Den norske Revisorforening

**INDEPENDENT AUDITOR'S REPORT**

To the Annual Shareholders' Meeting of Harbour Energy Norge AS

## Opinion

We have audited the financial statements of Harbour Energy Norge AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

## 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 in accordance with the requirements of the 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

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and managing director) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and 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 or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

## Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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**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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 22 May 2024
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*The auditor's report is signed electronically*

Erik Søreng
State Authorised Public Accountant (Norway)

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*The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.*

*"By my signature I confirm all dates and content in this document."*

**Søreng, Erik**
**Statsautorisert revisor**
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