



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 924 186 720  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: LONGBOAT JAPEX NORGE AS  
Forretningsadresse: Strandkaien 36  
4005 STAVANGER

### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

### 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: Nina Henriksen  
Dato for fastsettelse av årsregnskapet: 23.03.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*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, 02.06.2024



## Resultatregnskap

| Beløp i: NOK                                 | Note | 2022                | 2021                |
|--|------|---------------------|---------------------|
| <b>RESULTATREGNSKAP</b>                      |      |                     |                     |
| <b>Inntekter</b>                             |      |                     |                     |
| Other operating income                       |      | 1 311 737           | 1 086 676           |
| <b>Sum inntekter</b>                         |      | <b>1 311 737</b>    | <b>1 086 676</b>    |
| <b>Kostnader</b>                             |      |                     |                     |
| Exploration expense                          | 8    | 508 636 557         | 76 406 662          |
| Administrative Expenses                      | 4,5  | 40 117 488          | 26 118 589          |
| <b>Sum kostnader</b>                         |      | <b>548 754 045</b>  | <b>102 525 251</b>  |
| <b>Driftsresultat</b>                        |      | <b>-547 442 308</b> | <b>-101 438 575</b> |
| Finance costs                                | 6,7  | 12 493 751          | 16 434 927          |
| <b>Sum finanskostnader</b>                   |      | <b>12 493 751</b>   | <b>16 434 927</b>   |
| <b>Netto finans</b>                          |      | <b>-12 493 751</b>  | <b>-16 434 927</b>  |
| <b>Ordinært resultat før skattekostnad</b>   |      | <b>-559 936 059</b> | <b>-117 873 502</b> |
| Income tax income                            | 9    | -402 044 949        | -82 463 181         |
| <b>Ordinært resultat etter skattekostnad</b> |      | <b>-157 891 110</b> | <b>-35 410 321</b>  |
| <b>Årsresultat</b>                           |      | <b>-157 891 110</b> | <b>-35 410 321</b>  |



## Balanse

| Beløp i: NOK                                   | Note | 2022                 | 2021               |
|--|------|----------------------|--------------------|
| <b>BALANSE - EIENDELER</b>                     |      |                      |                    |
| <b>Anleggsmidler</b>                           |      |                      |                    |
| <b>Immaterielle eiendeler</b>                  |      |                      |                    |
| Intangible Assets                              | 11   | 414 653 348          | 286 238 070        |
| <b>Sum immaterielle eiendeler</b>              |      | <b>414 653 348</b>   | <b>286 238 070</b> |
| <b>Varige driftsmidler</b>                     |      |                      |                    |
| Property, plant and equipment                  | 12   | 5 921 104            | 6 810 195          |
| <b>Sum varige driftsmidler</b>                 |      | <b>5 921 104</b>     | <b>6 810 195</b>   |
| <b>Sum anleggsmidler</b>                       |      | <b>420 574 452</b>   | <b>293 048 265</b> |
| <b>Omløpsmidler</b>                            |      |                      |                    |
| <b>Varer</b>                                   |      |                      |                    |
| Inventories                                    | 14   | 1 463 937            | 1 107 279          |
| <b>Sum varer</b>                               |      | <b>1 463 937</b>     | <b>1 107 279</b>   |
| <b>Fordringer</b>                              |      |                      |                    |
| Trade and other receivables                    | 15   | 11 544 495           | 12 622 648         |
| Current tax receivables                        | 16   | 483 367 815          | 97 272 219         |
| <b>Sum fordringer</b>                          |      | <b>494 912 310</b>   | <b>109 894 867</b> |
| <b>Bankinnskudd, kontanter og lignende</b>     |      |                      |                    |
| Cash and cash equivalents                      | 13   | 94 049 691           | 227 579 469        |
| <b>Sum bankinnskudd, kontanter og lignende</b> |      | <b>94 049 691</b>    | <b>227 579 469</b> |
| <b>Sum omløpsmidler</b>                        |      | <b>590 425 938</b>   | <b>338 581 615</b> |
| <b>SUM EIENDELER</b>                           |      | <b>1 011 000 390</b> | <b>631 629 880</b> |
| <b>BALANSE - EGENKAPITAL OG GJELD</b>          |      |                      |                    |
| <b>Egenkapital</b>                             |      |                      |                    |
| <b>Innskutt egenkapital</b>                    |      |                      |                    |
| Share capital                                  | 20   | 3 400 000            | 3 400 000          |



## Balanse

| <b>Beløp i: NOK</b>                      | <b>Note</b> | <b>2022</b>          | <b>2021</b>        |
|--|-------------|----------------------|--------------------|
| Share premium account                    | 21          | 352 250 800          | 352 250 800        |
| <b>Sum innskutt egenkapital</b>          |             | <b>355 650 800</b>   | <b>355 650 800</b> |
| <b>Opptjent egenkapital</b>              |             |                      |                    |
| Retained earnings                        |             | -195 941 798         | -38 050 517        |
| <b>Sum opptjent egenkapital</b>          |             | <b>-195 941 798</b>  | <b>-38 050 517</b> |
| <b>Sum egenkapital</b>                   |             | <b>159 709 002</b>   | <b>317 600 283</b> |
| <b>Gjeld</b>                             |             |                      |                    |
| <b>Langsiktig gjeld</b>                  |             |                      |                    |
| Utsatt skatt                             | 19          | 305 246 966          | 223 924 302        |
| <b>Sum avsetninger for forpliktelser</b> |             | <b>305 246 966</b>   | <b>223 924 302</b> |
| <b>Annen langsiktig gjeld</b>            |             |                      |                    |
| Trade and other Payables                 | 17          | 44 144 750           |                    |
| Lease liabilities                        | 18          | 4 352 346            |                    |
| <b>Sum annen langsiktig gjeld</b>        |             | <b>48 497 096</b>    |                    |
| <b>Sum langsiktig gjeld</b>              |             | <b>353 744 062</b>   | <b>223 924 302</b> |
| <b>Kortsiktig gjeld</b>                  |             |                      |                    |
| Gjeld til kredittinstitusjoner           | 17          | 436 000 000          |                    |
| Trade and other payables                 |             | 60 093 114           | 83 151 192         |
| Lease liabilities                        |             | 1 454 211            | 6 954 103          |
| <b>Sum kortsiktig gjeld</b>              |             | <b>497 547 325</b>   | <b>90 105 295</b>  |
| <b>Sum gjeld</b>                         |             | <b>851 291 387</b>   | <b>314 029 597</b> |
| <b>SUM EGENKAPITAL OG GJELD</b>          |             | <b>1 011 000 389</b> | <b>631 629 880</b> |



Skatteetaten

Vår dato  
12.04.2021

Din/Deres dato

Saksbehandler  
Robin Ingebrigtsen

800 80 000  
Skatteetaten.no

Din/Deres referanse

Telefon  
99778267

Org.nr  
974761076

Vår referanse  
2021/5273987

Postadresse  
Postboks 9200 Grønland  
0134 OSLO

LONGBOAT ENERGY NORGE AS  
Postboks 231  
4001 STAVANGER

## Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Longboat Energy Norge AS' (org.nr. 924 186 720) søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

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

### Bakgrunn

Fra søknaden siteres:

*Longboat Energy Norge AS er et heleid datterselskap av det engelske selskapet Longboat Energy PLC. Selskapet er nystiftet i desember 2019 med formål om å starte letearbeid etter olje og gass hovedsakelig på norsk og britisk sokkel. Virksomheten er internasjonal og alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk som arbeidsspråk. I tillegg er en betydelig majoritet av eiere og styremedlemmer engelske.*

*I oljebransjen er engelsk det klart dominerende språket og en norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.*

*Med bakgrunn i det ovenstående sender vi derfor inn søknad om dispensasjon.*

### Skattekontorets 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 mv., 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, kunder og lokalsamfunnet.

Det er etter skattekontorets 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 dette tilfellet er det opplyst at kommunikasjon med de fleste av selskapets aktører skjer på engelsk. Selskapets eiere er i hovedsak engelskspråklige og vil ikke ha mulighet for å forstå årsregnskap og årsberetning på norsk. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Magrit Kilen Stoebner  
underdirektør  
Innsats, storbedrift  
Skatteetaten

Robin Ingebrigtsen

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

Side 2 / 2



To BOO AS attn. Stig Andre Fjeldahl

Stavanger March 23, 2023

## Management representation letter

This representation letter is provided in connection with your audit of the financial statements of Longboat Energy Norge AS for the year ended 31 December 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Company, the results of its operations and its cashflows in accordance with International Financial Reporting Standards as adopted by EU.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves the following representations:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 26, 2021, for the preparation of the financial statements in accordance with the International Financial Reporting Standards as adopted by EU including the appropriate disclosure of all information required by statute.
2. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.
3. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
4. In relation to those laws and regulations which provide the legal framework within which our business is conducted, and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.
5. We acknowledge our responsibility for the implementation and operation of internal controls that are designed to prevent and detect fraud and error. We have given you information about any deviations in the internal control that are known to us. We are not aware of any lack of information or misstatements. We have disclosed to you all allegations of fraud or suspected fraud affecting the financial statements that have been communicated to the company by employees, former employees, analysts, regulators or any other party. We have disclosed to you all significant facts relating to any frauds or suspected frauds known to us that may have affected the entity and which involved management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial report and we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. The financial statements and any other information in the annual report provided to you prior to the date of this representation letter are consistent with one another, and there is no material misstatement in the other information.

Longboat Energy Norge AS, registered in Norway. Company Number: 924 186 720  
Registered office: Strandkaaien 36, 4005 Stavanger, Norway. [www.longboatenergy.com](http://www.longboatenergy.com)



7. We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and the board of directors' summaries of actions of recent meetings for which minutes have not yet been prepared. The most recent meetings held were: January 9, 2023.
8. Longboat Energy Norge AS has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There have been no communications concerning non-compliance with requirements of regulatory authorities with respect to financial matters.
9. The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
  - a. The identity of, and balances and transactions with, related parties;
  - b. Losses arising from sale and purchase commitments;
  - c. Agreements and options to buy back assets previously sold;
  - d. Assets pledged as collateral.
10. The methods, the important assumptions and the data applied by us in the preparation of accounting estimates and associated additional information, are appropriate and in accordance with the current financial reporting framework.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
12. We have identified all excess or obsolete stocks, and no stocks are stated at an amount in excess of net realizable value.
13. The Company has satisfactory title to all assets and there are no liens, or encumbrances on the company's assets except those that are disclosed in the statements or notes thereto.
14. We have recorded or disclosed all liabilities, both actual and contingent and have disclosed in notes any guarantees that we have given to third parties.
15. All events subsequent to the date of the financial statements that require adjustment or disclosure have been adjusted or disclosed.
16. We have informed you of all known actual or possible litigation and claims whose effects we considered in the preparation of the financial statements. When applicable, these claims have been appropriately accounted for and disclosed in the financial statements.
17. All transactions have been recorded in the accounting records and are reflected in the financial statements. The financial statements are free of material misstatements, including omissions.
18. We have disclosed to you our assessment of the entity's ability to continue operating as a going concern, including our assessment of the effects of ongoing infection control measures as a result of the corona outbreak.
19. We have not provided any loans or guarantees to shareholders or their related parties after the year end that makes the allocation of this year's results in violation with section 8-1 of the Norwegian Private Limited Liability Companies Act.
20. We have fulfilled our responsibility regarding information given in the Tax Report, including attachments, and hereby confirm that the information given is correct and complete.
21. We acknowledge our responsibilities and have fulfilled these responsibilities



regarding registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

22. We have provided you with:

- a. Additional information that you have requested from us for the purpose of the audit;
- b. The final version of the document(s) comprising the annual report, and
- c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Hilde Salthe  
Managing Director

Helge Ansgar Hammer  
Executive Director and Chief Executive Officer



**LONGBOAT ENERGY NORGE AS**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



## LONGBOAT ENERGY NORGE AS

### COMPANY INFORMATION

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|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Jorunn Saetre (Chair)<br>Hilde Salthe (Managing Director)<br>Helge Hammer<br>Julian Riddick |
| <b>Company number</b>    | 924 186 720   |
| <b>Registered office</b> | Strandkaian 36<br>Stavanger 4005<br>Norway  |
| <b>Auditor</b>           | BDO AS<br>Munkedamsveien 45<br>0250 Oslo<br>Norway  |



## LONGBOAT ENERGY NORGE AS

### CONTENTS

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|                                       | <b>Page</b> |
|---------------------------------------|-------------|
| Directors' report                     | 6 - 11      |
| Directors' responsibilities statement | 12          |
| Independent auditor's report          | 13-15       |
| Statement of comprehensive loss       | 16          |
| Statement of financial position       | 17-18       |
| Statement of changes in equity        | 19          |
| Statement of cash flows               | 20          |
| Notes to the financial statements     | 21-40       |



## LONGBOAT ENERGY NORGE AS

### DIRECTORS' REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their annual report and financial statements for the year ended 31 December 2022.

#### Strategy and Activities

Longboat's strategy remains unchanged: to build an E&P business in Norway through value accretive M&A transactions and with the drill-bit. Having made two potentially commercial discoveries in less than 18 months, the Company is now focused on maturing these assets towards development and realising the value that has been created.

In a situation where access to energy and energy security is becoming increasingly important and particularly gas in Northwest Europe, Norway plays a critical role as the country continues to offer attractive opportunities for E&P companies. Exploration results in Norway remain good and the country continues to offer high quality acreage in regular licensing rounds. According to the latest Resource Report by the Norwegian Petroleum Directorate, only half of total estimated resources of 100 billion boe have so far been produced and sold. Longboat, with its highly skilled G&G team and extensive industry network, is uniquely positioned to benefit from this continued opportunity as demonstrated by the OMV farm-in deal in 2022 and the recent APA awards in early 2023.

A new Norwegian Petroleum Tax System was introduced during 2022, which Longboat views as very positive for the Company. The main elements of the new tax system are an unchanged marginal rate at 78%, a move to immediate expensing of investments, 71.8% repayment of all losses in the following year (compared to previously 72% of exploration losses only) with corporate tax at 6.2% carried forward against future profits. Longboat worked with its lending banks and successfully amended the 'Exploration Finance Facility' (EFF) to fit the new tax regime in 2022. In early 2023 Longboat announced it increased its EFF facility to NOK 800 million from NOK 600 million and extended the availability period for drawing by one year through to 31 December 2024. Longboat will use its restructured EFF credit facilities to meet the working capital requirement for future exploration expenditure.

As part of Longboat's sustainability strategy, the Company has undertaken to be corporate 'Net Zero' on a Scope 1 and 2 basis by 2050. In this context, delivering exploration success with significant gas prospects near existing infrastructure will be crucial to reducing carbon intensity in order to maximise the use of existing facilities and pipelines. Becoming net zero for scope 1 & 2 emissions will require future production to benefit from some or all of power from shore for offshore installations, nature-based carbon offsets and future combined capture and storage. We aim to make an important contribution to the energy transition and acknowledge the place that hydrocarbon exploration and production will continue to have in the global markets for the foreseeable future.

During 2022, Longboat has also continued to pursue production acquisition opportunities, which has not yet led to any production transactions. In the M&A market there have been multiple deals made involving production assets in the North Sea this year, however the strong commodity prices combined with strong balance sheets has made it difficult to find compelling production deals. The majority of deals in Norway continue to be struck by privately held companies. Longboat continues to be active in this market but is not willing to compromise on its requirement for transactions to be of high quality and value accretive.

#### Report on operations

Since June 2021 the Company has farmed-in to a programme of nine exploration wells in four bilateral transactions with Equinor, Spirit, Idemitsu and OMV. In 2022 five exploration wells were drilled, on top of the three drilled in 2021, resulting in discoveries on the Kveikje and Oswig prospects and unsuccessful wells on Ginny-Hermine, Cambozola and Copernicus.

In the Kveikje well (Longboat 10%), hydrocarbons were encountered at all four targets levels. 2C to 3C estimates of recoverable resources from ERCE Competent Persons Report in the excellent quality injectitie reservoir were 35 to 60 mmboe gross. Kveikje is operated by Equinor and is located in an area to the north of the giant Troll field with significant infrastructure and multiple tie-back opportunities. Several third-party discoveries have been made close to Kveikje during the last few years, such as Røver Nord and South, Toppand and Swicher, which will allow for significant operational synergies and economies of scale as the Kveikje development moves forward.

In January 2023, the Company was awarded the Lotus prospect (Longboat, 30%) in the 2022 APA Licensing Round. Lotus is located immediately adjacent to Longboat's Kveikje discovery (Longboat, 10%) and adds significantly to the materiality of Longboat's acreage position in this area.

Kveikje and Lotus, on success, are likely to form part of the new Equinor operated Ringvei Vest ("RVV") cluster development project. The RVV project will develop multiple oil discoveries made west of the Troll field in recent years.



## LONGBOAT ENERGY NORGE AS

### DIRECTORS` REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

Following a short hiatus in anticipation of the APA award, Longboat is actively pursuing monetisation options for its position in the area.

The Oswig (Longboat 20%) discovery is a high pressure, high temperature Jurassic fault block nearby the Equinor operated producing Tune and Oseberg fields. Gas-condensate was discovered in exploration well 30/5-4S and sidetrack 30/5-4A. The sidetrack was drilled to conduct a drill stem test ("DST") in the Upper Tarbert Formation. The average production rate from the DST was lower than expected at approximately 2.1 mmscfd of gas and 280 bpd of condensate (approximately 650 boepd in aggregate) through a 10/64-inch choke.

The DST has successfully proved the ability of Oswig to flow hydrocarbons from poor quality reservoir and support a potential development via nearby infrastructure in the Northern North Sea. Preliminary estimate of recoverable resources in Oswig of between 10 and 42 million boe (gross) based on in-place volumes of 100 to 215 million boe and a condensate/gas ratio of 110-130 bbl/mmscf. The partnership is now working towards integrating the DST results into its understanding of the field and evaluate possible well configurations with the objective of increasing and maximising flow rates in a future potential development.

The Velocette prospect (Longboat 20%) is also operated by OMV and comprises Cretaceous Nise turbidite sands in the Norwegian Sea. This gas-condensate prospect is located within tie-back distance to the Aasta Hansteen gas field and has been estimated by the operator to contain gross unrisked mean resources of 177 mmboe (35mmboe net to Longboat). A rig contract had been entered into for the Transocean Norge semi-sub with the well expected to spud in Q3 2023.

In October 2021, the Egyptian Vulture discovery (Longboat 15%) was announced which is close to infrastructure on the Halten Terrace in the Norwegian Sea. The discovery is visible on seismic as a large amplitude anomaly and technical studies have been ongoing with particular focus on seismic interpretation and distribution of areas with good reservoir. As part of this work, ERCE has provided an independent assessment of the discovery in a Competent Person Report commissioned by Longboat, which has confirmed the 1C-3C size of the discovery at gross 4-68 mmboe. For an appraisal well on Egyptian Vulture to be successful, it would need to encounter better reservoir quality than that penetrated by the discovery well and the Joint Venture participants, following extensive technical work, have been unable to form an aligned view regarding an appraisal well and therefore did not commit to a licence extension as required by 2 March 2023. Therefore, the licence is being relinquished. However, Longboat is looking to form a new group to take the asset forward and rather than take over the existing licence, which would involve escalating license fees, will seek to re-apply for the acreage in the forthcoming licence round with awards due in January 2024. The decision to relinquish the licence was taken post the period end, and the intangible asset will be written off in 2023.

Rødhette was discovered in October 2021 and is located within tie-back distance to the Goliath field in the Barents sea. The press released preliminary oil and gas resources are between 9 and 12 mmboe (gross), which is not commercial as a standalone development, but could be tied-back for production as part of an area cluster development. The way forward for the asset therefore depends on the outcome of several third-party exploration wells. The recent large Lupa gas discovery announced by Vår on 23 December 2022 could have positive impact on Rødhette and a future gas export route in the area. While Longboat still retains this licence it is small and monetisation is uncertain so it has been written off from intangible assets.

The Galtvort gas discovery is located in PL1060 10 km northwest of the Draugen field in the Norwegian Sea. Although the Ginny exploration well was dry, the Galtvort reservoir in the Jurassic Garn Formation contains 2C recoverable volume estimated by ERCE in a Competent Person Report of 10.2 mmboe. The Draugen field is being electrified and the nearby Hasselmus field is being tied back this year. Galtvort is located only 5 km from Hasselmus and could form an add-on to this development, however, development remains uncertain and so this has been written off from intangible assets.

On Cambozola and Copernicus work continues to establish the remaining prospectivity on the licences, although as the plays on both licences were not proven the associated costs have been written down.

#### Financial review

Longboat had a gross cash position at the end of the period of NOK 94.0 million (2021: NOK 227.6 million) with borrowings under the Exploration Finance Facility of NOK 436.0 million (2021: nil) to be repaid by a tax rebate in Q4 2023. During the period, Longboat had an active drilling campaign completing five wells: Ginny-Hermine, Kveikje, Cambozola, Copernicus and Oswig. The exploration costs came in below the amounts originally budgeted at the time of the license acquisitions.



## LONGBOAT ENERGY NORGE AS

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

The loss after taxation for the period excluding other comprehensive income was NOK 157.8 million (2021: NOK 35.4 million), which includes the write off of NOK 508.6 million of pre-tax exploration costs in relation to the Rødhetta, Ginny Hermine, Cambozola, and Copernicus exploration wells and after a tax credit of NOK 402.0 million. Post the period end the Egyptian Vulture licence was relinquished, with the partners being unable to agree on the way forward following extensive technical work. This is disclosed as a post balance sheet event in note 24 and the balance of NOK 134.3 million held in Intangibles at 31 December 2022 relating to Egyptian Vulture will be written off in 2023.

Salaries and pension costs in the twelve month period were NOK 24.7 million reflecting the first full year of staffing and salaries post the June 2021 farm-in deals. Finance costs of NOK 20.3 million were incurred, predominately in relation to the EFF fees and interest.

Having undertaken careful enquiry, the Directors are of the view the Company will need to access additional funds during 2023 in order to fund on-going operations and pursue growth opportunities. It is anticipated these funds will be sourced through asset disposals, farm downs, issuing new equity or combination of these actions.

The financial statements for the year to 31 December 2022 have been prepared assuming the Company will continue as a going concern. In support of this, the Directors believe the liquid nature of the Norwegian asset market combined with its parent company support, adequate funds can be accessed if and when required. However, the ability to access funds is not guaranteed at the date of signing these financial statements. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

#### **The working environment and the employees**

Leave of absence due to illness totaled 2.7% in 2022 (zero in 2021). The Company will continue its efforts to maintain this record on the number of sick days and has initiatives such as free physical therapy through the Storebrand health insurance as well as emphasizing the importance of a good working environment with a flexible balance between work and family.

No incidences or reporting of work related accidents resulting in significant material damage or personal injury occurred during the year.

The working environment is considered to be good, and efforts for improvements are made on an ongoing basis.

#### **Insurance for board members**

The board members are insured with a Directors' and Officers' Liability Insurance via Longboat Energy plc. The insurance covers a limit of liability of GBP 5 million and applies to all Longboat legal entities. The principal purpose of the cover is to reimburse Directors for losses or advance defense costs in the event of a loss resulting from a legal action brought for alleged wrongful acts in their capacity as directors and officers.

#### **Results**

For the period to 31 December 2022, the Company's loss after taxation was NOK 157.9 million (2021: NOK 35.4 million).

It is the Board's policy that the Company should seek to generate capital growth for its shareholder but may recommend distributions at some future date when the investment portfolio matures, and production revenues are established and when it becomes commercially prudent to do so.

#### **Principal risks and uncertainties facing the business**

The risks set out below are a selection of the principal near-term risks that face the Company. These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

##### Area: Exploration/ drilling, developing and operating risks

*Description:* The Company has invested in oil and gas exploration assets which are speculative and involve a significant degree of risk. There is no assurance that such exploration will lead to commercial discoveries or, if there is a commercial discovery, that such reserves will be realisable. In addition, drilling operations involve a number of risks, many of which are beyond the control of the Company, which may delay or adversely impact the projects which the Company may have acquired or which the Company may have invested. These include mechanical failures or delay, adverse weather conditions and governmental regulations or delays. These delays and potential impacts could result in a project's activities being damaged, delayed or abandoned and substantial losses could be incurred.



## LONGBOAT ENERGY NORGE AS

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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*Mitigation:* The Company's drilling programme carries a range of differing technical and commercial risks. Operational drilling and HSE risks will be managed by the Company through its intended dedicated HSE personnel, Business Management System, third parties and other third-party operators. The Company maintains a programme of insurance to cover such exposure up to recognised industry limits but should an incident occur of a magnitude in excess of such limits, the Company would be fully exposed to the financial consequences.

**Area: Fiscal and other risks derived from government involvement in the oil and gas industry**

*Description:* Any government action such as a change in oil or gas pricing policy (including royalties), exploration and development policy, or taxation rules or practice, or renegotiation or nullification of existing concession contracts, could have a material effect on the Company.

*Mitigation:* The Company operates in a jurisdiction with a sophisticated tax authority capable of assessing any adverse impact of any change in legislation before it is enacted.

**Area: Availability of Debt finance**

*Description:* The Company uses its Exploration Financing Facility ("EFF"), provided by certain lending banks, to prefinance the Norwegian Government's tax loss rebate and to reduce the amount of working capital the Company needs to hold on its balance sheet. The Exploration Financing Facility currently has an aggregate commitment limit of NOK800 million.

*Mitigation:* Notwithstanding the dwindling number of banks prepared to lend to the oil and gas industry, the Company maintains strong banking relationships with its lenders.

**Area: Access to Capital**

*Description:* The Company's business is capital intensive and its projects may be subject to delays or cost overruns or increased scope and assets may move into the development stage. Moreover any new acquisitions will require further equity capital and new debt facilities. In any of these circumstances the Company will require additional financing from credit or equity markets (via its parent company) and the availability of such financing is subject not only to market conditions but also a continued willingness of investors to finance oil and gas companies in an increasingly hostile political and social environment.

*Mitigation:* The Company will endeavour to invest in and acquire assets which meet its environmental and emissions criteria with a view to building a sustainable business that will continue to attract capital.

**Area: Volatility of commodity prices**

*Description:* The supply, demand and prices for commodities are volatile and are influenced by factors beyond the Company's control. With increased pressure to reduce GHG emissions by replacing fossil fuel energy generation with zero emission energy generation it is possible that peak demand for oil will be reached, and oil price will be adversely impacted as and when this happens. A significant prolonged decline in commodity prices could impact the viability of some or all of the exploration, development and producing projects which the Company may propose to acquire.

Conversely extremely high oil and gas prices heighten certain risks to the Company namely: the impact on the economy, political and thereby fiscal backlash, even greater competition for assets and the challenge of matching buyer and seller expectations. In the near term, the impact of the invasion of Ukraine has exacerbated these effects particularly for potential vendors with assets in Russia who may now retain assets previously slated for disposal.

*Mitigation:* Where and when appropriate the Company will put in place suitable hedging arrangements, in accordance with its hedging policy, to mitigate the risk of a fall in commodity prices but such arrangements will only cover the relatively short term, leaving the Company exposed to any longer-term decline in commodity prices, and in addition some of the hedging arrangements entered into by the Company also carry inherent delivery risks



## LONGBOAT ENERGY NORGE AS

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

Area: The Company may face significant competition for acquisition opportunities

*Description:* There is significant competition from entities which possess greater technical, financial, human and other resources. Such competition may cause the Company to be unsuccessful in executing an acquisition or may result in a successful acquisition being made at a significantly higher price than would otherwise have been the case.

*Mitigation:* It is not possible to mitigate competition for quality assets, however, the Company seeks to reduce competitive risk by targeting assets where it has a specific knowledge or would likely be a preferred partner.

Area: Reliance on key personnel

*Description:* The success of the Company, including its ability to identify and complete potential acquisitions, will be dependent on the services of key management and operating personnel, including both its existing Directors and individuals who have yet to be identified. If the Company fails to recruit or retain the necessary personnel, or if the Company loses the services of any of its key executives, its business could be materially and adversely affected.

*Mitigation:* In order to mitigate this risk, the Company has to offer competitive remuneration and retention packages to incentivise loyalty and good performance from its staff. There can be no mitigation against loss of key personnel resulting from any major accident or other loss of physical wellbeing.

Area: Functioning M&A market

*Description:* The extreme movement in oil and gas prices triggered by the invasion of Ukraine will likely impact the M&A market and vendors may defer assets disposal programmes pending a more stable market.

*Mitigation:* The Company will continue to pursue its acquisition strategy and engage with vendors in the hope and expectation that the current crisis will abate.

Area: Foreign Exchange Rate Volatility

*Description:* The Company's parent raises equity capital in Pounds Sterling but the majority of the Company's expenditure is in Norwegian kroner and United States dollars and changes in currency values could have a material adverse effect on both the Company's financial position.

*Mitigation:* Whilst the Company may hedge against any specific currency exposure of scale, to date it has simply converted its cash to meet its budgeted currency exposure as and when the exchange rates are favourable and so is exposed to any material exchange rate movements

### Corporate and Social Responsibility Report

#### Introduction

The Company is committed to high standards of health, safety and environmental performance. The health and safety of people, the protection of the environment and compliance with all applicable legal and internal requirements as well as industry best practice, is critical to the overall success of the Company. The Directors have put in place a Business Management System (BMS) to provide both the framework and mechanism for setting, monitoring and measuring suitable health, safety and environmental objectives as well as ensuring their continual improvement.

#### Business Principles Ethics

The Company is committed to maintaining high standards of corporate governance to ensure that it is managed with openness, honesty, and transparency. The Company is bound by the Longboat Energy group of companies (the 'Group') Business Principles and Ethics Policy, which can be found on our Parent Company website, is key to the way we work both internally and externally.

The Group strives to meet the highest standards of integrity and ethics as it undertake its activities. To ensure these values are core to the business, they are integrated within the BMS through policies, procedures and project plans.

The Company's operations in Norway, which is amongst the most mature oil and gas jurisdictions in the world. This in turn will require the Company to operate to very high regulatory standards for Environmental, Health and Safety legislation.



## LONGBOAT ENERGY NORGE AS

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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##### **Environmental stewardship**

The Group supports the goals of the Paris Agreement and the net zero emissions by 2050 targets set by the European Commission. Longboat recognise the combined challenge of meeting increasing energy demand driven by a growing global and more affluent population and the urgent need to reduce global carbon emissions. As such, the Group aims to take an active role in driving down carbon emissions from its activities as it develops, acquires further assets and supports the energy transition through playing an active role at a company and industry level to promote best practice in environmental stewardship.

The Group remains committed to reporting consistently and meeting investor needs for transparent environmental disclosure. As Longboat develops its portfolio it will continue to ensure it has high standards of environmental transparency and reporting relevant to the asset base. Longboat will continue to monitor the evolution of environmental reporting standards and will seek to produce a separate sustainability report as its portfolio grows.

The Group also supports the UN Sustainable Development Goals ("UN SDGs"), in particular SDG 7 Affordable and clean energy, SDG 5 Gender equality, SDG 12 Responsible consumption and production, SDG 13 Climate action and SDG 14 Life below the water. These SDG's will help to guide the Group in minimising the impacts and maximising the benefits of its activities as it develops its business. The Company plans to develop its business so that it has a sustainable strategy as an oil company providing safe and responsible energy at a low cost with low emissions.

Accordingly, the Group is committed to:

- supporting the energy transition through playing an active role to promote best practice in environmental stewardship;
- pursuing a strategy of delivering low Scope 1 and Scope 2 emissions per barrel, to minimise carbon intensity of operations (including no routine flaring) and transparent annual disclosure of GHG emissions;
- prioritising renewable energy sources in the powering of operated and non-operated platforms where possible;
- using an internal carbon price for investment decisions; and
- being net zero by 2050 with an earlier target date to be set dependent on the profile of the assets acquired and the costs of CO<sub>2</sub> abatement and offset solutions.



## LONGBOAT ENERGY NORGE AS

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

##### Greenhouse gas (GHG) emissions

The Company reports its equity share of Scope 1 emissions from exploration drilling and an estimate of its Scope 2 emissions of GHGs, in line with SASB standards as part of its annual HSE monitoring programme. GHG emissions are reported annually to the Norwegian Environment Agency. During 2022 Longboat drilled five exploration wells and its equity share of Scope 1 Greenhouse gas emissions ("GHG) were 4,023 tonnes (2021: 1,667 tonnes) (CO<sub>2</sub>, CO, N<sub>2</sub>O, nm VOC, NO<sub>x</sub> and Sox), of this 3,976 tonnes (2021: 1,639 tonnes) of the Scope 1 GHG emissions were CO<sub>2</sub>. It is the Company's intention to acquire oil and gas production and development assets and if successful, the Company will assess and manage the risks of its operations in order to improve its environmental performance on a continual basis. It is the Company's intention that environmental management will be an integral part of the BMS and will include the following activities: environmental permits, identification of main environmental aspects, chemical assessments and substitution plans, environmental reporting, environmental surveys/studies and assessments and oil spill preparedness plans.

Scope 2 GHG emissions comprise those arising from generation of electricity supplied to offices, Longboat has estimated its scope 2 carbon dioxide emissions based on the operation of its Stavanger office and its parent company's smaller office in London, which includes heating, flights, other travel, computer and phone usage. For 2022 these scope 2 emissions were estimated to be approximately 37.9 tonnes of carbon dioxide (2021:31.5 tonnes), the majority of which relate to Longboat Energy Norge AS. The increase in emissions is a result of a becoming qualified as a licence holder in Norway, with an increased technical staff and a larger office in Stavanger. The methodology and assumptions for estimating Scope 2 Emissions were prepared in conjunction with Thundersaid Energy, the research consultancy for the energy transition and Proactima's ESG advisory service.

##### Environmental releases

Longboat has a target of zero acute discharges to sea. Any spill, irrespective of size, is recorded and followed up internally and reported to the authorities. There were no spills in 2022 from the five wells that Longboat had equity interests in (2021: nil).

##### People and Equal opportunities and discrimination

The Company is an equal opportunities employer and will recruit, employ and develop employees in line with best practice and based on the qualifications, experience and skills required for the work. We consider applications for employment from people regardless of gender, race, age, disability, marital status, sexual orientation or religious belief. We have respect for human dignity and the rights of the individual. We support the principles of, and promote respect for, the Universal Declaration of Human Rights.

##### Societal contribution

The Company intends to identify impactful community programs to be funded as part of the longer-term corporate social investment strategy. There is extensive reporting on the Parent Company's website of our statements and policies on issues available on the HSE and Governance section of our Group website including statements on: Anti-Bribery and corruption; Anti-facilitation of tax evasion; Human Rights; Modern Slavery Statement and Whistleblowing.

##### Statement of going concern

The Directors have completed the going concern assessment, including considering cash flow forecasts up to the end of 2024, sensitivities, and stress tests to assess whether the Company is a going concern. Having undertaken careful enquiry, the Directors are of the view the Company will need to access additional funds during 2023 in order to fund on-going operations and pursue growth opportunities. It is anticipated these funds will be sourced through asset disposals, farm downs, issuing new equity, further advances from its Parent Company or combination of these actions. If this is not the case then the Company is forecast to have limited or no liquidity at the end of 2023, given continued drawing under the EFF during 2023. The financial statements for the year to 31 December 2022 have been prepared assuming the Company will continue as a going concern. In support of this, the directors believe the liquid nature of the asset market combined with support from its Parent Company (and in turn its shareholders), adequate funds can be accessed if and when required. However, the ability to access funds is not guaranteed at the date of signing these financial statements. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.



## LONGBOAT ENERGY NORGE AS

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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##### Outlook

The focus of the Directors is firstly the successful drilling out of the exploration portfolio secondly securing follow up acquisitions that will deliver assets that are able to meet the Company's investment criteria (including near term cashflow) as well as providing an appropriate basis to build on the Company's objective to become a full-cycle E&P company.

##### Independent auditors

The Directors have reason to believe that BDO AS conducted an effective audit. The Directors have provided the auditors with full access to all of the books and records of the Company. BDO AS has expressed its willingness to continue to act as auditors to the Company and a resolution for its re-appointment will be proposed at the next Company meeting.

Stavanger 23 March 2023

H. Salthe  
Managing Director

H. Hammer  
Board Member

Julian G. M. Riddick  
Board Member

Jorunn J. Sætre  
Chair of the Board



## LONGBOAT ENERGY NORGE AS

### DIRECTORS' RESPONSIBILITY STATEMENT

#### *FOR THE YEAR ENDED 31 DECEMBER 2022*

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The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its' financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Director' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Norway governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



BDO AS  
Luramyrveien 40  
Postboks 1107  
4391 Sandnes  
Norway

## Independent Auditor's Report

To the Annual Shareholders meeting of Longboat Energy Norge AS

### Opinion

We have audited the financial statements of Longboat Energy Norge AS.

The financial statements comprise:

- The balance sheet as at 31 December 2022
- The income statement for 2022
- Statement of changes in equity
- Statement of cash flows for the year that ended 31 December 2022
- Notes to the financial statements, including a summary of significant accounting policies

In our opinion:

- The financial statements comply with applicable statutory requirements, and
- The financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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 as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty regarding the Company's ability to continue as a going concern

We draw attention to note 1.4 and in the Board of Director's report, which indicates that the Company incurred a net loss of NOK 157 891 110 during the year ended December 31, 2022 and, as of that date, the Company's assessment is that further funding is required in 2023 to continue on-going operations. As stated in note 1.4, these events or conditions, along with other matters as set forth in note 1.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

The Board of Directors and the Managing Director (management) is responsible for the other information. The other information comprises the Board of Directors' report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with



the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Opinion on the Board of Director's report

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

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting 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.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

Stig Andre Fjelldahl  
State Authorised Public Accountant  
(This document is signed electronically)



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## Stig André Fjell Dahl

Partner

Serienummer: 9578-5997-4-4492

IP: 188.95.xxx.xxx

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## LONGBOAT ENERGY NORGE AS

### STATEMENT OF COMPREHENSIVE LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

|                              | Notes | 2022<br>NOK          | 2021<br>NOK          |
|------------------------------|-------|----------------------|----------------------|
| Other operating income       |       | 1,311,737            | 1,084,466            |
| Administrative expenses      | 4,5   | (36,804,103)         | (25,351,974)         |
| Share based compensation     |       | (1,773,103)          | (523,688)            |
| Depreciation                 |       | (1,540,282)          | (243,102)            |
| <b>Operating loss</b>        |       | <b>(38,805,751)</b>  | <b>(25,034,298)</b>  |
| Finance income               | 6     | 1,287,530            | 2,210                |
| Finance costs                | 7     | (20,258,882)         | (7,915,957)          |
| Foreign exchange gain/(loss) |       | 6,477,601            | (8,518,796)          |
| Exploration expense          | 8     | (508,636,557)        | (76,406,661)         |
| <b>Loss before taxation</b>  |       | <b>(559,936,059)</b> | <b>(117,873,502)</b> |
| Income tax credit            | 9     | 402,044,949          | 82,463,181           |
| <b>Loss for the year</b>     |       | <b>(157,891,110)</b> | <b>(35,410,321)</b>  |
| <b>Loss per share</b>        | 10    | <b>(46.44)</b>       | <b>(10.41)</b>       |



## LONGBOAT ENERGY NORGE AS

### STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2022

| COMPANY  | Notes | 2022<br>NOK          | 2021<br>NOK        |
|--|-------|----------------------|--------------------|
| <b>Non-current assets</b>                        |       |                      |                    |
| Exploration and evaluation assets                | 11    | 414,653,348          | 286,238,070        |
| Property, plant and equipment                    | 12    | 614,859              | 119,712            |
| Right of use asset                               | 12    | 5,306,245            | 6,690,483          |
|  |       | <u>420,574,451</u>   | <u>293,048,265</u> |
| <b>Current assets</b>                            |       |                      |                    |
| Cash and cash equivalents                        | 13    | 94,049,691           | 227,579,469        |
| Inventories                                      | 14    | 1,463,937            | 1,107,279          |
| Trade and other receivables                      | 15    | 11,544,495           | 12,622,648         |
| Current tax recoverable                          | 16    | 483,367,815          | 97,272,219         |
|  |       | <u>590,425,938</u>   | <u>338,581,615</u> |
| <b>Total assets</b>                              |       | <u>1,011,000,389</u> | <u>631,629,880</u> |
| <b>Current liabilities</b>                       |       |                      |                    |
| Trade and other payables                         | 17    | 60,093,114           | 83,151,363         |
| Lease liabilities                                | 18    | 1,454,211            | 1,147,546          |
| Exploration Finance Facility and bank borrowings | 17    | 436,000,000          | -                  |
|  |       | <u>497,547,325</u>   | <u>84,298,909</u>  |
| <b>Net current assets</b>                        |       | <u>92,878,613</u>    | <u>254,282,706</u> |
| <b>Non-current liabilities</b>                   |       |                      |                    |
| Trade and other Payables                         | 17    | 44,144,750           | -                  |
| Lease liabilities                                | 18    | 4,352,346            | 5,806,557          |
| Deferred tax liabilities                         | 19    | 305,246,966          | 223,924,302        |
|  |       | <u>353,744,062</u>   | <u>229,730,859</u> |
| <b>Total liabilities</b>                         |       | <u>851,291,387</u>   | <u>314,029,768</u> |
| <b>Net assets</b>                                |       | <u>159,709,002</u>   | <u>317,600,112</u> |
| <b>Equity</b>                                    |       |                      |                    |
| Called up share capital                          | 20    | 3,400,000            | 3,400,000          |
| Share premium account                            | 21    | 352,250,800          | 352,250,800        |
| Retained earnings                                |       | (195,941,798)        | (38,050,688)       |
| <b>Total equity</b>                              |       | <u>159,709,002</u>   | <u>317,600,112</u> |
| <b>Total equity and liabilities</b>              |       | <u>1,011,000,389</u> | <u>631,629,880</u> |



**LONGBOAT ENERGY NORGE AS**

**STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

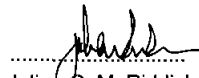
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The financial statements were approved by the board of directors and authorised for issue on 23 March 2023 and are signed on its behalf by:

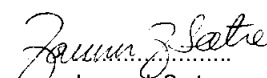
 

H. Salthe  
Managing Director

H Hammer  
Board Member



Julian S. M. Riddick  
Board Member



Jorunn J. Sætre  
Chair of the Board



**LONGBOAT ENERGY NORGE AS**  
**STATEMENT OF CHANGE IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                     | Notes | Share<br>Capital<br>NOK | Share<br>Premium<br>Account<br>NOK | Retained<br>earnings<br>NOK | Total<br>NOK  |
|-------------------------------------|-------|-------------------------|------------------------------------|-----------------------------|---------------|
| <b>COMPANY</b>                      |       |                         |                                    |                             |               |
| <b>Balance at 1 January 2021</b>    |       | 500,000                 | 1,530,000                          | (2,640,367)                 | (610,367)     |
| <b>Year ended 31 December 2021</b>  |       |                         |                                    |                             |               |
| Loss for the year                   |       | -                       | -                                  | (35,410,321)                | (35,410,321)  |
| Other comprehensive income          |       | -                       | -                                  | -                           | -             |
| Issue of share capital              |       | 2,900,000               | 350,720,800                        | -                           | 353,620,800   |
| Credit to equity for equity settled |       | -                       | -                                  | -                           | -             |
| Share-based payments                |       | -                       | -                                  | -                           | -             |
| Costs of share issue                |       | -                       | -                                  | -                           | -             |
| <b>Balance at 31 December 2021</b>  |       | 3,400,000               | 352,250,800                        | (38,050,688)                | 317,600,112   |
| <b>Year ended 31 December 2022</b>  |       |                         |                                    |                             |               |
| Loss for the year                   |       | -                       | -                                  | (157,891,110)               | (157,891,110) |
| Other comprehensive expense         |       | -                       | -                                  | -                           | -             |
| Credit to equity for equity settled |       | -                       | -                                  | -                           | -             |
| share-based payments                |       | -                       | -                                  | -                           | -             |
| <b>Balance at 31 December 2022</b>  |       | 3,400,000               | 352,250,800                        | (195,941,798)               | 159,709,002   |



## LONGBOAT ENERGY NORGE AS

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

| COMPANY   | 2022<br>NOK          | 2021<br>NOK          |
|---|----------------------|----------------------|
| Loss for the year after tax                                   | (157,891,110)        | (35,410,322)         |
| Taxation credit   | (402,044,949)        | (82,463,181)         |
| Finance costs   | 2,433,335            | -                    |
| Release of prepaid bank fees                                  |                      | 608,333              |
| Interest payable  | 11,118,072           | 7,250,600            |
| Interest receivable   | (1,287,530)          | (2,210)              |
| Depreciation and impairment of property, plant and equipment  | 156,044              | 243,102              |
| Other gains and losses  | 508,636,557          | 76,406,662           |
| Increase in inventories                                       | (356,658)            | 1,107,279            |
| Increase in trade and other receivables                       | (3,953,134)          | (6,862,416)          |
| ROU asset   | 1,570,691            | 263,621              |
| Decrease in trade and other payables                          | 159,882              | 6,309,316            |
| Increase in amounts due to related parties                    | 20,467,511           | 19,104,197           |
| Corporate tax received  | 97,272,018           | 218,220,074          |
| Share based payment expense                                   | (2,023,111)          | -                    |
| EFF commitment fee  | 4,040,388            | -                    |
| Foreign exchange  | 1,148,221            | -                    |
| <b>Net cash outflow from operating activities</b>             | <b>79,446,227</b>    | <b>202,560,497</b>   |
| <b>Investing activities</b>                                   |                      |                      |
| Purchase of exploration and evaluation assets                 | (634,453,883)        | (315,654,881)        |
| Purchase of property, plant and equipment                     | (651,191)            | (73,328)             |
| Interest received   | 1,287,530            | 2,210                |
| <b>Net cash (used in)/generated from investing activities</b> | <b>(633,817,545)</b> | <b>(315,725,999)</b> |
| <b>Financing activities</b>                                   |                      |                      |
| Proceeds from issue of shares                                 | -                    | 353,620,800          |
| Interest paid   | (11,118,072)         | (6,642,267)          |
| Loan facility fees  | (4,040,388)          | (7,100,000)          |
| Receipt of loan   | 436,000,000          | -                    |
| <b>Net cash generated from/(used in) financing activities</b> | <b>420,841,540</b>   | <b>339,878,533</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>(133,529,778)</b> | <b>226,713,031</b>   |
| Cash and cash equivalents at beginning of year                | <b>227,579,469</b>   | <b>866,438</b>       |
| Cash and cash equivalents at end of year                      | <b>94,049,691</b>    | <b>227,579,469</b>   |
| <b>Relating to:</b>   |                      |                      |
| Bank balances and short term deposits                         | <b>94,049,691</b>    | <b>227,579,469</b>   |



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. Accounting policies

##### Company information

Longboat Energy Norge AS is a private limited company, limited by shares incorporated in Norway. The registered office is Strandkaien 36, Stavanger 4005, Norway. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1. Accounting convention

As required by the European Union's IAS Regulation and the Norwegian Accounting Act, the Company has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). References to IFRS hereafter should be construed as references to IFRS as adopted by the EU. The accounting policies applied are consistent with those applied in the previous financial year, except for the implementation of new and revised accounting standards and interpretations, and other changes, as described below.

The financial statements are prepared in Norwegian kroner, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest NOK.

The financial statements have been prepared under the historical cost convention.

##### 1.2. Foreign currency

The functional currency of the Company is Norwegian Kroner. Transactions in foreign currencies during the year are recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate ruling on the Balance Sheet date and any gains and losses on translation are reflected in the Income Statement.

##### 1.3. Joint arrangements

Judgement is required to determine when the Company has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Company has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work programme and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries, as set out in Note 2. Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Company to assess their rights and obligations arising from the arrangement. Specifically, the Company considers:

- the structure of the joint arrangement; whether it is structured through a separate vehicle;
- when the arrangement is structured through a separate vehicle, the Company also considers the rights and obligations arising therefrom;
- the legal form of the separate vehicle; the terms of the contractual arrangement, or other facts and circumstances, considered on a case by case basis.

This assessment often requires significant judgement. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

A Joint Operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangements.

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



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1.4. Going concern

The Directors have completed the going concern assessment, including considering cash flow forecasts up to the end of 2024, sensitivities, and stress tests to assess whether the Company is a going concern. Having undertaken careful enquiry, the Directors are of the view the Company will need to access additional funds during 2023 in order to fund on-going operations and pursue growth opportunities. It is anticipated these funds will be sourced through asset disposals, farm downs, issuing new equity or combination of these actions. If this is not the case then the Company is forecast to have limited or no liquidity at the end of 2023, given continued drawing under the EFF during 2023. The financial statements for the year to 31 December 2022 have been prepared assuming the Company will continue as a going concern. In support of this, the directors believe the liquid nature of the Norwegian asset market combined with historical shareholder support, adequate funds can be accessed if and when required. However, the ability to access funds is not guaranteed at the date of signing these financial statements. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### 1.5. Oil and Gas Assets Capitalisation

Pre-acquisition costs on oil and gas assets are recognised in the Income Statement when incurred. Costs incurred after rights to explore have been obtained, such as geological and geophysical surveys, drilling and commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs are capitalised as intangible exploration and evaluation ("E&E") assets. The assessment of what constitutes an individual E&E asset is based on technical criteria but essentially either a single licence area or contiguous licence areas with consistent geological features are designated as individual E&E assets.

E&E costs are not amortised prior to the conclusion of appraisal activities. Once active exploration is completed the asset is assessed for impairment. If commercial reserves are discovered then the carrying value of the E&E asset is reclassified as a development and production ("D&P") asset, following development sanction, but only after the carrying value is assessed for impairment and where appropriate the carrying value adjusted. If commercial reserves are not discovered the E&E asset is written off to the Income Statement.

Oil and gas assets include rights in respect of unproved properties. Property, plant and equipment, including expenditure on major inspections, and intangible assets are initially recognised in the Balance Sheet at cost where it is probable that they will generate future economic benefits. This includes capitalisation of decommissioning and restoration costs associated with provisions for asset retirement.

Property, plant and equipment and intangible assets are subsequently carried at cost less accumulated depreciation, depletion and amortisation (including any impairment). Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts of assets sold and are recognised in income, within interest and other income.

#### 1.6. License and Property Acquisition Costs

Exploration licence costs are capitalised in 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 the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that work is under way to determine that the discovery is economically viable. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs are written off through the statement of profit or loss and other comprehensive income. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1.7. Development Costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalised within property, plant and equipment.

#### 1.8. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                       |                               |
|-----------------------|-------------------------------|
| Fixtures and fittings | 5 years (20% straight line)   |
| Computers             | 3 year (33.33% straight line) |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.9. Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any evidence on the performance of the assets received following the end of the period, which could not have been established during the current period will be recognised in a subsequent period rather than in the current period.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, then the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, capped such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment of intangible assets is assessed when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The facts and circumstances used are in accordance with those dictated by IFRS 6 and if any of those circumstances are present then an impairment test is performed in accordance with IAS 36 and any loss recognised. An exploratory well in progress at period end which is determined to be unsuccessful subsequent to the balance sheet date based on substantive evidence obtained during the drilling process in that subsequent period is treated as a non-adjusting subsequent event.

#### 1.10 Inventories

Materials and supplies inventories are valued at the lower of cost or net realisable value. The cost of materials is the purchase cost, determined on a first-in, first-out basis.



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

#### 1.12 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### **Financial assets at fair value through profit or loss**

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

##### **Financial assets held at amortised cost**

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### **Financial assets at fair value through other comprehensive income**

The Company has made an irrevocable election to recognise changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognised initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to retained earnings when an equity instrument is derecognised or its fair value substantially decreased. Dividends are recognised as finance income in profit or loss.

##### **Impairment of financial assets**

Financial assets, other than those measured at fair value through profit or loss, are assessed for impairment at each reporting end date.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.13 Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1.13 Financial liabilities (continued)

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

##### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

#### 1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable loss differs from net loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's receivable for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

The Company benefits from tax legislation in Norway which allows tax to be reclaimed on specific exploration activity. This allows the Company to recognise a tax receivable.

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.17 Leases

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

#### 1.18 Reserves

##### *Share capital*

Share capital represents the nominal value of shares issued less the nominal value of shares repurchased and cancelled.

##### *Share premium*

This reserve represents the difference between the issue price and the nominal value of shares at the date of issue, net of related issue costs and share premium cancelled.

##### *Retained earnings*

Net revenue profits and losses of the Group which are revenue in nature are dealt with in this reserve.



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the Company. None of these new and revised Standards and Interpretations had an effect on the current period or a prior period but may have an effect on future periods:

|                                     |  | Effective from: |
|-------------------------------------|--|-----------------|
| IFRS 3 (Amendments)                 | Reference to the conceptual framework  | 1 January 2022  |
| IAS 16 (Amendments)                 | Property, plant and equipment – proceeds before intended use   | 1 January 2022  |
| IAS 37 (Amendments)                 | Onerous contracts – cost of fulfilling a contract  | 1 January 2022  |
| Annual Improvements 2018-2020 cycle | Amendments to IFRS 1 (subsidiary as a first-time adopter), IFRS 9 (fees in the '10 percent' test for derecognition of financial liabilities), IFRS 16 (lease incentives), IAS 41 (taxation in the fair value measurements) | 1 January 2022  |

#### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

|                                     |  | Effective from: |
|-------------------------------------|--|-----------------|
| IFRS 17                             | Insurance contracts  | 1 January 2023  |
| IAS 1 and IFRS Practice Statement 2 | Disclosure of accounting policies  | 1 January 2023  |
| IAS 8 (Amendments)                  | Definition of accounting estimates   | 1 January 2023  |
| IAS 12 (Amendments)                 | Deferred tax related to assets and liabilities arising from a single transaction     | 1 January 2023  |
| IFRS 16 (Amendment)                 | Liability in a Sale and Leaseback  | 1 January 2024  |
| IAS 1 (Amendments)                  | Classification of liabilities as current or non-current – deferral of effective date | 1 January 2024  |
| IAS 1 (Amendments)                  | Non-current Liabilities with covenants   | 1 January 2024  |

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company aside from additional disclosures.

The Company plans to adopt the above standards when from the effective dates noted in the table above.



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### Exploration and evaluation assets (note 8 and 11)

Judgement is required to determine whether impairment indicators exist in respect of the Company's exploration assets recognised in the statement of financial position. The Company has to take into consideration whether the assets have suffered any impairment, taking into consideration the results of the drilling to date, and the likelihood of reserves being found. The Company relies upon information from third parties to take these decisions, and can be subject to change, if future information becomes available. As at 31 December 2022 the Company determined that impairment of NOK 508 million was required in respect of the exploration licences detailed in note 8 and 11.

Post the period end the Egyptian Vulture licence was relinquished, with the partners being unable to agree on the way forward following extensive technical work. As the information that led to the decision to relinquish was established post year end, this is a non-adjusting post balance sheet event and is disclosed in the post balance sheet event note 24. The balance of NOK 134.3 million held in Intangibles at 31 December 2022 relating to Egyptian Vulture will be written off in 2023.

#### 4 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

|                         | 2022<br>Number | 2021<br>Number |
|-------------------------|----------------|----------------|
| Executive Directors     | 1              | 1              |
| Non-executive Directors | 1              | -              |
| Staff                   | 10             | 3              |
| Total                   | 12             | 4              |

Their aggregate remuneration comprised:

|                       | 2022<br>NOK | 2021<br>NOK |
|-----------------------|-------------|-------------|
| Wages and salaries    | 19,346,768  | 10,916,275  |
| Social security costs | 3,129,103   | 1,626,499   |
| Pension costs         | 2,235,145   | 1,016,268   |
| Total                 | 24,711,016  | 13,559,042  |



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 4 Employees (continued)

The remuneration of managing director is shown below:

|                   | Salary    | Pension | Other  | Total     |
|-------------------|-----------|---------|--------|-----------|
| Managing director | 1,796,110 | 262,503 | 12,191 | 2,070,805 |

The Managing Director is participating in the company bonus scheme where the final amount is decided by the remuneration committee on an annual basis. In addition, the managing director is also entitled to participate in the Longboat Energy plc Long Term Incentive Plan.

#### 5 Auditor's remuneration

|   | 2022<br>NOK | 2021<br>NOK |
|---|-------------|-------------|
| Fees payable to the company's auditor and associates: |             |             |
| <b>For audit services</b>                             |             |             |
| Audit of the financial statements of the company      | 217,093     | 203,542     |

#### 6 Finance income

|                        | 2022<br>NOK | 2021<br>NOK |
|------------------------|-------------|-------------|
| <b>Interest income</b> |             |             |
| Bank deposits          | 1,287,530   | 2,210       |

Total interest income for financial assets that are not held at fair value through profit or loss is NOK 1,287,530 (2021: NOK 2,210).

#### 7 Finance costs

|                                      | 2022<br>NOK       | 2021<br>NOK       |
|--------------------------------------|-------------------|-------------------|
| Interest on intercompany loans       | 2,480,633         | 1,500,802         |
| Interest and fees on long term loans | 16,865,155        | 4,133,333         |
| Interest relating to JVB             | 726,641           | 2,185,370         |
| Interest on ROU asset                | 186,454           | 32,915            |
| Other financial asset                | -                 | 63,536            |
|                                      | <u>20,258,882</u> | <u>16,434,927</u> |

In 2021 the Company entered into a rolling exploration funding facility with 1 SR-Bank ASA and ING Bank N.V. in Norway to allow funding for exploration activities to take place. The loan interest charged on drawings under the facility is a margin of 2.50% p.a. plus NIBOR. For the undrawn loan amount, a commitment fee equal to 40% of the margin is charged. On 9 January 2023 a new facility agreement was signed, see note 17 for further details.



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 8 Exploration and evaluation expenses

|   | 2022<br>NOK          | 2021<br>NOK         |
|---|----------------------|---------------------|
| Amounts written off on exploration activity | <u>(508,636,557)</u> | <u>(76,406,662)</u> |

During the year, on completion of committed exploration activity, the Directors have evaluated the potential future cashflows from each licence. If drilling was completed, no commercial reserves discovered and no further prospectivity identified, then the license was deemed to be fully impaired. For licenses where further appraisal would be required to confirm possible further prospectivity, a judgement has been made, based on operator/partnership interest in further appraisal, and on the likely outcome of possible appraisal/development activity, to assess whether the license should be written off. On conclusion of this assessment the Directors have concluded it is appropriate to write off the value of the wells and associated licence costs for PL901 Rodhette; PL1060 Ginny/Hermine; PL1049 Cambozola, and PL1017 Copernicus.

For exploration expenditures in 2023, the Company's committed exploration programme consists of the drilling of the Velocette well. This will be financed by a combination of existing cash and drawdowns under the EFF.

Further information in respect of subsequent events can be found in note 24.

#### 9 Income tax (credit)/expense

|   | 2022<br>NOK          | 2021<br>NOK          |
|---|----------------------|----------------------|
| <b>Current tax</b>                                |                      |                      |
| Foreign tax on losses for the current period      | <u>(483,367,613)</u> | <u>(306,382,432)</u> |
| <b>Deferred tax</b>                               |                      |                      |
| Origination and reversal of temporary differences | <u>81,322,664</u>    | <u>223,919,251</u>   |
| <b>Total tax (credit)</b>                         | <u>(402,044,949)</u> | <u>(82,463,181)</u>  |



## LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 9 Income tax (credit)/expense (continued)

The charge for the year can be reconciled to the loss per the income statement as follows:

|                                  | 2022<br>NOK   | 2021<br>NOK   |
|----------------------------------|---------------|---------------|
| <b>Current tax</b>               |               |               |
| Loss before taxation and finance | (547,407,013) | (100,946,737) |
| Capitalised exploration costs    | (128,415,278) | (286,238,070) |
| Share option expense             | 2,023,111     | 597,528       |
| Depreciation expense             | (16,472)      | (16,009)      |
| Right of use asset               | 17,323        | 230,706       |
| Finance expenses                 | (13,087,823)  | (16,891,640)  |
| Prepaid financial expense        | 2,552,704     | (5,883,333)   |
| Permanent differences            | 584,102       | -             |
| Basis for special tax at 56%     | (673,214,226) | (386,372,582) |
| Basis for special tax at 22%     | 201           | (409,147,555) |
| Current tax total                | (483,367,613) | (306,381,108) |
| Adjustment from prior year       | 201           | (1,324)       |
| Total current tax                | (483,768,815) | (306,382,432) |
| <b>Deferred tax</b>              |               |               |
| Capitalised exploration costs    | 128,415,278   | 286,238,070   |
| Share options expense            | (2,023,111)   | (597,528)     |
| Depreciation expense             | 16,472        | 16,009        |
| Right of use asset               | (17,323)      | (230,706)     |
| Right of use liability           | (219,368)     | (32,915)      |
| Prepaid financial expense        | (2,333,335)   | 5,883,333     |
| Basis for special tax at 56%     | 126,391,316   | 285,425,845   |
| Basis for special tax at 22%     | (142,681,837) | 291,276,263   |
| Total deferred tax               | 81,341,096    | 223,919,251   |
| Adjustment from prior year       | (18,432)      |               |
| Total tax credit                 | (402,446,150) | (82,463,181)  |

Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. The current tax (rebate) of NOK 483.4 million represents what will be paid out during 2023 according to Norwegian Tax Legislation. The deferred tax charge represents mainly the tax portion on capitalised intangibles being deductible for tax purposes.



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10 Loss per share

|  | 2022<br>NOK   | 2021<br>NOK  |
|--|---------------|--------------|
| <b>Number of shares</b>  |               |              |
| Weighted average number of ordinary shares for basic loss per share  | 3,400,000     | 3,400,000    |
| <b>Losses</b>  |               |              |
| Losses for basic and diluted earnings per share being net loss attributable to equity shareholders of the Company for continued operations | (157,891,110) | (35,410,321) |
| <b>Basic and diluted loss per share (expressed in NOK)</b>   |               |              |
| From continuing operations   | (46.44)       | (10.41)      |

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. In 2022 there were no share options or awards held over the Company's shares (2021:nil).

#### 11 Exploration and evaluation assets

| GROUP                  | 2022<br>NOK   | 2021<br>NOK  |
|------------------------|---------------|--------------|
| <b>Cost</b>            |               |              |
| At 1 January           | 286,238,070   | -            |
| Additions – purchased  | 637,051,835   | 362,644,732  |
| Exploration write-off  | (508,636,557) | (76,406,662) |
| At 31 December         | 414,653,348   | 286,238,070  |
| <b>Carrying amount</b> |               |              |
| At 31 December         | 414,653,348   | 286,238,070  |

During the year, the Company acquired working interests in two exploration wells on the Norwegian Continental Shelf, 20% in PL1100 ("Oswig") and a 40% in PL1016 ("Vellochette"), which completed on 1 July 2022.

On 11 January 2023, the Company was awarded 3 licenses under the Norwegian APA.

Details of licence write-offs in the year can be found in Note 8.

Post the period end the Egyptian Vulture licence was relinquished with the partners being unable to agree on the way forward following extensive technical work. This is disclosed as a post balance sheet event in note 24 and will be written off in 2023.



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 12 Property, plant and equipment

|   | Right of use<br>assets<br>NOK | Fixtures and<br>fittings<br>NOK | Computers<br>NOK | Total<br>NOK |
|---|-------------------------------|---------------------------------|------------------|--------------|
| <b>Cost</b>   |                               |                                 |                  |              |
| At 1 January 2021                                   | -                             | -                               | 74,720           | 74,720       |
| Additions   | 6,921,189                     | 39,855                          | 33,473           | 6,944,517    |
| At 31 December 2021                                 | 6,921,189                     | 39,855                          | 108,193          | 7,069,237    |
| Additions   | -                             | 488,203                         | 162,988          | 651,191      |
| At 31 December 2022                                 | 6,921,189                     | 528,058                         | 271,181          | 7,720,427    |
| <b>Accumulated depreciations and<br/>impairment</b> |                               |                                 |                  |              |
| At 1 January 2021                                   | -                             | -                               | 15,940           | 15,940       |
| Charge for the year                                 | 230,706                       | 1,993                           | 10,403           | 243,102      |
| At 31 December 2021                                 | 230,706                       | 1,993                           | 26,343           | 259,042      |
| Charge for the year                                 | 1,384,238                     | 82,524                          | 73,519           | 1,540,281    |
| At 31 December 2022                                 | 1,614,944                     | 84,517                          | 99,862           | 1,799,323    |
| <b>Carrying amounts</b>                             |                               |                                 |                  |              |
| At 31 December 2022                                 | 5,306,245                     | 443,541                         | 171,319          | 5,921,104    |
| At 31 December 2021                                 | 6,690,483                     | 37,862                          | 81,850           | 6,810,195    |

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over the lives on the follow bases:

Expected and Actual Rates:

|                       |                                |
|-----------------------|--------------------------------|
| Fixtures and fittings | 5 years (20% straight line)    |
| Computers             | 3 years (33.33% straight line) |

#### 13 Cash and cash equivalents

|  | 2022<br>NOK       | 2021<br>NOK        |
|--|-------------------|--------------------|
| Current account                          | 8,990,798         | 37,575,623         |
| Norge NOK account                        | 70,051,947        | 30,039,637         |
| Restricted funds related to employee tax | 2,108,920         | 2,000,369          |
| SR bank – Current account                | 1,434,360         | 5,644,911          |
| Euro account                             | 615               | 29,480             |
| USD account                              | 10,290,735        | 50,186,151         |
| GBP account                              | 5,940             | 102,103,298        |
| Historical account                       | 1,166,377         | -                  |
|  | <u>94,049,691</u> | <u>227,579,469</u> |



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 14 Inventories

| GROUP                  | 2022<br>NOK | 2021<br>NOK |
|------------------------|-------------|-------------|
| Materials and supplies | 1,463,937   | 1,107,279   |

Closing inventories are equal to their net realisable value.

#### 15 Trade and other receivables

|                          | 2022<br>NOK       | 2021<br>NOK       |
|--------------------------|-------------------|-------------------|
| Trade receivables        | 1,425,553         | 468,900           |
| Taxes recoverable        | 862,075           | 562,340           |
| Intercompany receivables | 883,418           | -                 |
| Other receivables        | -                 | 342,522           |
| Prepayments              | 8,373,449         | 11,248,886        |
|                          | <u>11,544,496</u> | <u>12,622,648</u> |

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

#### 16 Current tax recoverable

|                         | 2022<br>NOK | 2021<br>NOK |
|-------------------------|-------------|-------------|
| Current tax receivables | 483,367,815 | 97,272,219  |

#### 17 Trade and other payables and financial liabilities

|   | 2022<br>NOK       | 2021<br>NOK       |
|---|-------------------|-------------------|
| <b>Non-current payables and financial liabilities</b>     |                   |                   |
| Amount owed to parent undertaking                         | 44,144,750        | 25,700,350        |
|   |                   |                   |
| <b>Current payables and current financial liabilities</b> |                   |                   |
| Trade payables  | 35,228,334        | 8,851,669         |
| Accruals  | 7,533,008         | 16,102,687        |
| Accruals (JV)   | 4,478,427         | 14,487,694        |
| Social security and other taxation                        | 2,465,563         | 2,152,066         |
| Other payables  | -                 | 1,597,047         |
| Over/Undercall (JV)                                       | 8,293,294         | 14,259,850        |
| Trade and other payables                                  | <u>60,093,114</u> | <u>57,451,013</u> |



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 17 Trade and other payables and financial liabilities (continued)

|                                |             |   |
|--------------------------------|-------------|---|
| Exploration Financing Facility | 436,000,000 | - |
| Short term bank borrowing      | 436,000,000 | - |

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

#### Exploration Financing Facility (EFF)

During 2022 the Company had access to the Exploration Financing Facility, with an aggregate commitment of NOK 600 million (approximately £50.6 million). On 9 January 2023 an extension to the facility agreement was signed, with aggregate commitment of NOK 800 million (approximately £67.5 million), drawdowns allowable until December 2024, repayment of final drawdowns due by November 2025.

Drawdowns can be made under the facility up to a balance equal to approximately 68% of the total exploration and G&A spend for the period. On receipt of the 71.8% tax refund on exploration activity and G&A costs, received in November following the year of expenditure, the related drawdowns must be repaid in full.

#### 18 Lease liabilities

The Company has a lease for its Stavanger office which was signed in September 2021. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying value of lease liabilities and the movements.

|                      | 2022<br>NOK | 2021<br>NOK |
|----------------------|-------------|-------------|
| At 1 January         | 6,954,103   | -           |
| Additions            | -           | 6,723,972   |
| Interest             | 186,454     | 230,131     |
| Payments made        | (1,334,000) | -           |
| At 31 December       | 5,806,557   | 6,954,103   |
| Within one year      | 1,454,211   | 1,147,546   |
| In two to five years | 4,352,346   | 5,806,557   |



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 19 Deferred taxation

|   | 2022<br>NOK      | 2021<br>NOK    |
|---|------------------|----------------|
| Amounts recognised in profit or loss include the following: |                  |                |
| Interest on lease liabilities                               | 186,454          | 230,131        |
| Depreciation expense on right of use asset                  | 1,384,237        | 230,706        |
|   | <u>1,570,691</u> | <u>460,837</u> |

#### GROUP

The following are the deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting period.

|   | ACAs<br>NOK               |
|---|---------------------------|
| Deferred tax balance at 1 January 2021                      | 5,051                     |
| <b>Deferred tax movements in prior year</b>                 |                           |
| Differences in tax basis for offset of tax losses in Norway | 223,919,251               |
| Deferred tax liability at 31 December 2021                  | <u>223,924,302</u>        |
| <b>Deferred tax movements in current year</b>               |                           |
| Differences in tax basis for offset of tax losses in Norway | 81,322,664                |
| Deferred tax liability at 31 December 2022                  | <u><u>305,246,966</u></u> |

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so. The Company has tax losses that are available indefinitely for offsetting against future taxable profits. These tax losses have not been recognised as a deferred tax asset on the basis that there are yet no future taxable profits available within the company which will allow it to be offset. The value of the tax loss carry forward as per 31.12.2022 is NOK 44.0 million.

#### 19 Share Capital

|   | 2022<br>Number | 2021<br>Number | 2022<br>NOK | 2021<br>NOK |
|---|----------------|----------------|-------------|-------------|
| <b>Ordinary share capital<br/>Issued and fully paid</b> |                |                |             |             |
| Shares at NOK 1 each                                    | 3,400,000      | 3,400,000      | 3,400,000   | 3,400,000   |



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 20 Share premium account

|                      | 2022               | 2021               |
|----------------------|--------------------|--------------------|
|                      | NOK                | NOK                |
| At 1 January         | 352,250,800        | 1,530,000          |
| Issues of new shares | -                  | 350,720,800        |
| At 31 December       | <u>352,250,800</u> | <u>352,250,800</u> |

#### 21 Financial risk management

The Company is exposed to financial risks through its various business activities. In particular, changes in interest rates and exchange rates can have an effect on the capital and financial situation of the Company. In addition, the Company is subject to credit risks.

The Company has adopted internal guidelines, which concern risk control processes and which regulate the use of financial instruments and thus provide a clear separation of the roles relating to operational financial activities, their implementation and accounting, and the auditing of financial instruments. The guidelines on which the Company's risk management processes are based are designed to ensure that the risks are identified and analysed across the Company. They also aim for a suitable limitation and control of the risks involved, as well as their monitoring.

The Company controls and monitors these risks primarily through its operational business and financing activities.

##### Credit Risks

The credit risk describes the risk from an economic loss that arises because a contracting party fails to fulfil their contractual payment obligations. The credit risk includes both the immediate default risk and the risk of credit deterioration, connected with the risk of the concentration of individual risks. For the Company, credit and default risks are concentrated in the financial institutions in which it places cash deposits.

The Company's policy is to place its cash with banks with an appropriate credit rating in accordance with the Company's Treasury Risk Management Policy.

Notwithstanding existing collateral, the amount of financial assets indicates the maximum default risk in the event that counterparties are unable to meet their contractual payment obligations. The maximum credit default risk amounted to NOK 95,475,244 (2021: NOK 228,048,368) at the balance sheet date, of which NOK 94,049,691 (2021: NOK 227,579,469) was cash on deposit at banks.

##### Liquidity Risks

Liquidity risk is defined as the risk that a company may not be able to fulfil its financial obligations. The Company manages its liquidity by maintaining cash and cash equivalents sufficient to meet its expected cash requirements. The Company has highlighted a material uncertainty around its liquidity in the audit report and the going concern note.

At 31 December 2022, the Company had cash on deposit of NOK 94,049,691 (2021: NOK 227,579,469).



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 22 Financial risk management (continued)

##### Market Risks

###### Interest Rate Risks

Interest rate risks exist due to potential changes in market interest rates and can lead to a change in the fair value of fixed-interest bearing instruments, and to fluctuations in interest payment for variable interest rate financial instruments.

The Company is exposed to Interest rate risks through the Exploration Facility. The table below shows the impact in NOK on pre-tax profit and loss of a 10% increase/decrease in the interest rates, holding all other variables constant.:

|  | 2022    | 2021 |
|--|---------|------|
| Interest rate increase/decrease by 10% | 973,101 | -    |

The Company is exposed to interest rate risks on cash held on deposit at banks. Interest income for the year to 31 December 2022 was NOK 1,287,530 (2021: NOK 2,210). These accounts are maintained for liquidity rather than investment, and the interest rate risk on deposits is not considered material to the Company.

###### Currency risks

The Company operates in Norway, incurs expenses in Sterling, Euros, United States dollars and Norwegian kroner ("NOK"), and holds cash in Sterling, Euros, US dollars and NOK. The Company incurs some expenditure in foreign currency when the investment policy requires services to be obtained overseas. The foreign exchange risk on these costs is not considered material to the Company.

The Company's exposure to foreign currency risk at the end of the reporting period is summarised below. All amounts are presented in NOK equivalent.

|   | 2022       | 2021         |
|---|------------|--------------|
| Cash and cash equivalents                     | 10,297,289 | 152,318,929  |
| Trade and other receivables                   | 2,208,675  | 17,261,616   |
| Trade and other payables including borrowings | (39,064)   | (22,223,857) |
| Net exposure                                  | 12,466,900 | 147,356,688  |

###### Sensitivity analysis

As shown in the table above, the Company is exposed to changes in exchange rates through its balances held in non-NOK. The table below shows the impact in NOK on pre-tax profit and loss of a 10% increase/decrease in the exchange rates, holding all other variables constant.

|   | 2022      | 2021       |
|---|-----------|------------|
| Exchange rate increases/decrease by 10% | 1,246,006 | 13,372,981 |



## LONGBOAT ENERGY NORGE AS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23 Retirement benefit schemes

|   | 2022<br>NOK | 2021<br>NOK |
|---|-------------|-------------|
| <b>Defined contribution schemes</b>                                 |             |             |
| Charge to profit or loss in respect of defined contribution schemes | 2,235,145   | 1,016,268   |

#### 24 Subsequent Events

Post the period end the Egyptian Vulture licence was relinquished with the partners being unable to agree on the way forward following extensive technical work. As the information that led to the decision to relinquish was established post year end, this is a non-adjusting post balance sheet event. The balance of NOK 134.3 million held in Intangibles at 31 December 2022 relating to Egyptian Vulture will be written off in 2023.

On 9 January 2023 an extension to the Exploration Finance Facility (EFF) agreement was signed, with aggregate commitment of NOK 800 million (approximately £67.5 million), drawdowns allowable until December 2024, repayment of final drawdowns due by November 2025.

The 11 January 2023 Longboat Energy announced the award of 3 new licences under the Norwegian 2022 APA Licensing Round (Awards in Predefined Areas): PL1182 S Lotus Block 35/10 (Company 30%); PL1100C Oswig South Extension (Company 20%) and PL293 CS Kveikje Discovery Extensions (Company 10%).

#### 25 Related party transactions

The Company has taken advantage of the disclosure exemption which exempts them from disclosing related party transactions with fellow group undertakings as outlined in IAS 24, as 100% of the voting rights are controlled by the ultimate parent undertaking, Longboat Energy plc. The Company considers the directors to be key management personnel and their remuneration is disclosed in note 4.

#### 26 Controlling party

The Company is a wholly owned subsidiary undertaking of Longboat Energy plc, the ultimate parent company, a company registered in England and Wales. A copy of these accounts is available at 5th Floor, One New Change, London, EC4M 9AF



BDO AS  
Luramyrvæien 40  
Postboks 1107  
4391 Sandnes  
Norway

## Independent Auditor's Report

To the Annual Shareholders meeting of Longboat Energy Norge AS

### Opinion

We have audited the financial statements of Longboat Energy Norge AS.

The financial statements comprise:

- The balance sheet as at 31 December 2022
- The income statement for 2022
- Statement of changes in equity
- Statement of cash flows for the year that ended 31 December 2022
- Notes to the financial statements, including a summary of significant accounting policies

In our opinion:

- The financial statements comply with applicable statutory requirements, and
- The financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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 as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty regarding the Company's ability to continue as a going concern

We draw attention to note 1.4 and in the Board of Director's report, which indicates that the Company incurred a net loss of NOK 157 891 110 during the year ended December 31, 2022 and, as of that date, the Company's assessment is that further funding is required in 2023 to continue on-going operations. As stated in note 1.4, these events or conditions, along with other matters as set forth in note 1.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

The Board of Directors and the Managing Director (management) is responsible for the other information. The other information comprises the Board of Directors' report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with



the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Opinion on the Board of Director's report

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

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting 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.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

Stig Andre Fjelldahl  
State Authorised Public Accountant  
(This document is signed electronically)



# PENNEO

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

## Stig André Fjell Dahl

Partner

Serienummer: 9578-5997-4-4492

IP: 188.95.xxx.xxx

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