



Semi-Annual Report
H1 2023

Interim Financial Statements for the six months ended 30 June 2023 (unaudited) and full year ended on 31 December 2022 (audited)

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Introduction

These condensed and un-audited interim financial statements for Lime Petroleum AS ("the Company" or "Lime") have been prepared to comply with the Bond Terms for the senior secured NOK 1,250,000,000 Bonds 2022/2025 ISIN NO0012559246 dated July 4, 2022. These interim financial statements have not been subject to review or audit by independent auditors.

ACCOUNTING PRINCIPLES

The condensed and un-audited interim financial statements for the six-month period ending 30 June 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the additional requirements following the Norwegian Accounting Act. The same accounting principles and methods of calculation have been applied as those in the Annual Financial Statements for 2022. The condensed and un-audited interim financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the Company's Annual Financial Statements for 2022.

The condensed and un-audited interim financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the

financial position, results of operations, and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of the results of operations or cash flows for an annual period. In preparing these condensed and un-audited interim financial statements, management has made judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

For further detailed information on accounting principles, please refer to the Annual Financial Statements for 2022.

Management Comments

Lime Petroleum AS (Lime) is continuing on its growth trajectory in 1H 2023. In March 2023 Lime was prequalified as operator on the Norwegian Continental Shelf. In order to obtain operator status, Lime has significantly upgraded the Business Management System (BMS) and strengthened the team. Lime will further develop the BMS and team towards a potentially operated drilling project in 2025.

Production levels at Yme have been relatively consistent in 1H 2023, as the operator is bringing up the production efficiency. Three more wells are scheduled to be drilled in 2023, 10 months behind the original schedule. Drilling of the C-8 well commenced from the Yme Inspirer platform in May 2023. Lime expects production to ramp up significantly through Q3 and Q4 as new wells are added, and production efficiency is improved, reaching plateau production levels in Q4.

The Brage field saw a natural decline in the first months of 2023 as existing wells are depleting. Drilling of new wells has taken place through 1H 2023. The 2021 Talisker discovery was targeted with a production well, which came on stream in May 2023, significantly raising production. Additional wells have been drilled, which will be coming into production in September, expected to further increase production on Brage, both oil and gas.

Lime participated in the Gjegalunden exploration well in PL867, which resulted in a minor discovery. The partnership is currently assessing the data.

FINANCIAL REVIEW

Lime delivered operating income amounting to NOK 666.8 million in the first half of 2023, representing an increase compared with 579.1 in H1 2022. The increase in production was supported by the acquisition of a 10 percent share in the oil-producing Yme Field, in August 2022. The transaction was completed on 23 December 2022. The purchase transaction resulted in a total goodwill of NOK 353.0 million recognised as a non-current asset in the balance sheet.

In the first half of 2023 operating expenses totalled NOK 546.3 million (NOK 397.1 million in H2 2022). The increase in cost is attributed to the increase in production expenses (NOK 309.7 million), insurance (NOK 11.7 million), and legal fees (NOK 8.4 million) in connection with the acquisition of the Yme field.

Net financial costs in the first half of 2023 were NOK 123.1 million (NOK 18.8 million in the same period in 2022). The high-level financial cost in 2023 compared to 2022 was primarily related to the senior secured bond issue made in July 2022. At the same time, the former bond of NOK 500 million was cancelled and repaid. At year-end 2022 the current bond amounted to NOK 950 million. In addition, Lime raised a total of NOK 300 million through the tap mechanism in the existing senior secured bond. A tap issue of NOK 250 million was made in January 2023, and a tap issue of NOK 50 million was made in April 2023.

Management Comments

During the first half of 2023, the company successfully raised a total of NOK 300 million through the tap mechanism in its existing senior secured bond. A tap issue of NOK 250 million was made in January 2023, and a tap issue of NOK 50 million was made in April 2023. The bonds were issued at 99.25 percent and at 99.0 percent of the nominal amount, respectively. After the tap issue was carried out, the total outstanding amount was NOK 1,250.0 million.

As of the end of 1H 2023, the company has a strong EBITDA of 282.9 million and a leverage ratio of 2.0x net debt/EBITDA.

Profit before taxes in H1 2023 was NOK -2.7 million (NOK 163.2 million in H1 2022). Income tax amounted to NOK -46.5 million in H1 2023 (NOK -117.1 million in H1 2022).

Lime has applied to take over the operatorship of PL1125, which includes the Falk and Linerle discoveries. The intention is to drill an appraisal well on Linerle, to prove its commerciality. Appraisal drilling could take place in 2025. During the second half of 2023, Lime should see rising production rates on both Brage and Yme. The company will also mature several of the exploration licenses towards drill or drop decisions and further the work on the field development projects.

RISK MANAGEMENT

To reduce risk related to oil price fluctuations, the company established an oil price hedging program effective from 1 February 2023. The hedging program, which has a one-year duration, was based on put options where the crude oil production was hedged at a strike price of 35 USD/bbl and USD 0.45 average cost per barrel totaling the option premium to USD 216,000. To protect against events triggering volatility in currency markets, the company established a currency hedge program in April 2023. The currency hedge was based on put options with a strike price of 9.25 Asian style, and a monthly volume of 4.3 MUSD 12 months coupons was made. The hedge will shield the company from significant unfavorable NOK/USD changes through March 2024. The option premium amounted to NOK 4,450,000.

Income Statement and Statement of Comprehensive Income 30 June 2023 (condensed)

INCOME STATEMENT (CONDENSED)

(Amounts in TNOK)

	<i>Unaudited</i> H1 2023	<i>Unaudited</i> H1 2022
Operating income	666,796	579,109
Production expenses	-309,673	-156,585
Exploration expenses	-19,672	-25,057
Payroll and related cost	-20,667	-16,651
Depreciation and amortisation	-163,013	-106,879
Impairment (-) / reversal of impairment	0	-79,244
Other operating expenses	-33,317	-12,720
Total operating expenses	-546,343	-397,136
Operating profit/loss (-)	120,454	181,974
Finance income	3,095	3,887
Finance costs	-126,210	-22,671
Net financial items	-123,116	-18,784
Profit/loss (-) before income tax	-2,663	163,189
Income tax credit	-46,550	-117,134
Profit/loss (-) for the period	-49,213	46,055

STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

(Amounts in TNOK)

	H1 2023	H1 2022
Profit/loss (-) for the period	-49,213	46,055
Other comprehensive income, net of tax:	0	0
Total comprehensive income for the period	-49,213	46,055

Balance Sheet as at 30 June 2023 (condensed)

<i>(Amounts in TNOK)</i>	<i>Unaudited</i> 30.06.2023	<i>Audited</i> 31.12.2022
ASSETS		
Non-current assets		
Goodwill	313,486	313,486
Exploration and evaluation assets	308,251	240,360
Oil and gas properties	1,667,821	1,518,202
Property, plant and equipment	1,075	775
Right-of-use assets	6,515	7,282
Tax refund receivable, exceeding 12 months	108,344	0
Non-current receivables	1,350,202	1,331,363
Total non-current assets	3,755,695	3,411,468
Current assets		
Prepayments and other receivables	480,073	257,234
Inventory and spare parts	140,680	134,918
Tax refund receivable	573,749	556,235
Other financial asset - restricted cash	87,500	87,500
Cash and cash equivalents	144,550	405,898
Total current assets	1,426,553	1,441,784
Total assets	5,182,248	4,853,253

Balance Sheet as at 30 June 2023 (condensed)

<i>(Amounts in TNOK)</i>	<i>Unaudited</i> 30.06.2023	<i>Audited</i> 31.12.2022
EQUITY AND LIABILITIES		
Equity		
Share capital	216,900	216,900
Other paid-in capital	125,471	125,471
Retained earnings / Uncovered loss	-24,068	25,145
Total equity	318,304	367,517
Liabilities		
Non-current liabilities		
Asset retirement obligations	1,808,610	1,790,703
Deferred tax liabilities	829,518	657,109
Leasing liabilities	4,753	5,396
Interest-bearing loans and borrowings	1,029,760	918,289
Total non-current liabilities	3,672,642	3,371,497
Current liabilities		
Interest-bearing loans and borrowings	334,882	137,156
Trade creditors	27,944	43,713
Other current liabilities	828,476	933,369
Total current liabilities	1,191,302	1,114,238
Total liabilities	4,863,944	4,485,736
Total equity and liabilities	5,182,248	4,853,253

Cash Flow Statement 30 June 2023 (condensed)

<i>(Amounts in TNOK)</i>	<i>Unaudited H1 2023</i>	<i>Audited Year 2022</i>
Cash flow from operating activities		
Profit/loss (-) before income tax	-2,663	-147,380
Adjustments:		
Tax refunded	0	375,393
Depreciation	163,013	180,028
Impairment/disposals exploration assets	0	232,705
Changes in trade creditors	-15,769	19,061
Changes in other current receivables and liabilities	-315,916	282,681
Net cash flow from operating activities	-171,335	942,489
Cash flow from investing activities		
Investment in exploration and evaluation assets	-67,891	-121,130
Net cash paid in business combination	0	-538,582
Investment in oil and gas properties	-311,655	-428,462
Brage abandonment liability - restricted cash	0	-3,000
Purchase of property, plant and equipment	-533	-6,903
Net cash flow from investing activities	-380,080	-1,098,077
Cash flow from financing activities		
Net proceeds from borrowings, bond loan	291,058	903,335
Repayments of borrowings, bond loan	0	-460,462
Repayments of current borrowings	0	-75,000
Repayments of lease liabilities	-991	-1,685
Loans from shareholder	0	49,036
Net cash flow from financing activities	290,067	415,224
Net change in cash and cash equivalents	-261,348	259,636
Cash and cash equivalents at 1st January 2023 / 2022	405,898	146,262
Cash and cash equivalents at 30th of June 2023 / 31st December 2022	144,550	405,898
Interest paid	67,682	64,603

COVENANTS RELATED TO THE SENIOR SECURED BOND ISSUE 2022/2025 ISIN NO0012559246

(i) Minimum Liquidity: The Issuer shall at all times maintain a minimum Liquidity of no less than 10 percent of the Outstanding Debt. Minimum Liquidity. Total Bond Loan NOK 1 250 000 000 x 10% = NOK 125 000 000.

Bank at the end of the period:	NOK 232 050 000
Restricted cash Brage LoC:	NOK -87 500 000
Aggregated amount excluding restricted cash	NOK 144 550 000

(ii) Maximum Leverage Ratio: The Issuer shall, in respect of any Calculation Date, maintain a Leverage Ratio not exceeding 2.25:1. "Calculation Date" means each 30 June and 31 December.

EBITDA 30.06.2023

Operating profit	MNOK 119.9
Depreciation	MNOK 163.0

EBITDA Lime	MNOK 282.9
EBITDA 2022 (rolling 12 months)	<u>MNOK 225.5</u>
EBITDA	MNOK 508.4

NET DEBT 30.06.2023

Bond loan	MNOK 1,250.0
Cash deposit Decomm. Security Agreement	MNOK -87.5
Total cash and cash equivalents	<u>MNOK -144.5</u>
NET DEBT	MNOK 1,017.9

Leverage ratio: Net debt/EBITDA < 2.25 **2.00**

Net Debt means the aggregate amount of all obligations of the company excluding shareholder loans and any liquidity of the company.

Responsibility Statement

We confirm to the best of our knowledge that the condensed consolidated interim financial statements for the first half of 2023 have been prepared in accordance with IFRS as adopted by EU and IAS 34 Interim Financial Reporting and give a true and fair view of the Company's consolidated assets, liabilities, financial position and results for the period. We also confirm to the best of our knowledge that the interim report for the first half of 2023 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining half of 2023, and major related party transactions.

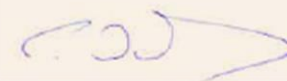
The Board of Directors and the CEO of Lime Petroleum AS
Oslo, 30 August 2023



Svein H. Kjellesvik
Executive Chairman



Christopher D. Atkinson
Director



Peter N. Eckhard Oehms
Director



Lars B. Hübert
CEO



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