




Semi-Annual Report
1H 2023

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



Contents

Introduction

Management Comments.....	3
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Interim financial statements (unaudited)

Income Statement and Statement of Comprehensive Income.....	4
Balance Sheet	5
Statement of cash flows.....	7
Covenants Related To The Senior Secured Bond Issue.....	8

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

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 is NOK 1,250.0 million. As of the end of 1H 2023, the company has a strong EBITDA of 283.5 million and a leverage ratio of 1.99x net debt/EBITDA.

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.

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.

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

INCOME STATEMENT (CONDENSED)

(Amounts in TNOK)

	<i>Unaudited</i> H1 2023	<i>Audited</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 -120.5
Depletion and Depreciation	MNOK -163.0
EBITDA 1H 2023	MNOK 283.5
EBITDA 2H 2022	<u>MNOK 225.5</u>
EBITDA (rolling 12 months)	MNOK 509.0

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 **1.99**

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



Lime Petroleum AS
Drammensveien 145 A
N-0277 OSLO, Norway

www.limepetroleum.com

Org. no. 998 726 441