

---

**Longboat Energy plc**  
("Longboat Energy", the "Company" or "Longboat")

**Interim Results to 30 June 2023**

**London, 27 September 2023** - Longboat Energy, the emerging full-cycle E&P company, is pleased to announce its unaudited interim results for the period to 30 June 2023.

**Helge Hammer, Chief Executive Officer of Longboat Energy, commented:**

*"Earlier this year, Longboat announced a transaction with Japan Petroleum Exploration Co, Ltd ("JAPEX") to form a joint venture company in Norway which involved JAPEX making a substantial investment in our Norwegian subsidiary and providing a financing facility, thereby significantly strengthening the Company's financial position. The transaction completed in mid-July and the now jointly controlled company was renamed Longboat JAPEX Norge AS ("Longboat JAPEX").*

*Longboat JAPEX will pursue a growth-led strategy on the Norwegian Continental Shelf to create value predominantly through the acquisition of production and development projects and growing 2P reserves to reach a significant production level within three to five years. Furthermore, the joint venture will continue to pursue exploration and appraisal opportunities with the target of drilling one to three wells per year.*

*In early August the drilling of the OMV operated Velocette well commenced targeting a large gas-condensate prospect on the eastern flank of the Utgard High in the Norwegian Sea. In mid-September we announced a minor gas discovery where the well encountered hydrocarbons in the primary target in Cretaceous turbidite sands in the Nise formation. While the discovery is not considered to be a commercial prospect, the licence contains numerous other prospects which have been de-risked by the presence of gas in good quality reservoir in the Velocette well.*

*Earlier this month we announced an expansion of our operations in SE Asia through the acquisition of privately held Topaz Number One Limited, thereby increasing our interest in Malaysian 2A PSC to 52.5% which includes the giant Kertang target, with James Menzies and Pierre Eliet also joining the Company to lead our growth in the region."*

**Operational Highlights**

- Formed a joint venture company in Norway with Japan Petroleum Exploration Co, Ltd ("JAPEX"). JAPEX made a significant investment with an initial \$16 million subscription, with a further \$4 million contingent payment, and providing a \$100 million financing facility
- Entered into an agreement through the new Norwegian joint venture to acquire its first producing assets in Norway
  - 4.80% unitised interest in the Statfjord Øst Unit
  - 4.32% unitised interest in the Sygna Unit

This acquisition, when completed, represents long-term cash flow with the fields expected to produce until late 2030s

- Expanded our business in SE Asia with the entrance into Malaysia through the award of a production sharing agreement for Block 2A. Later announced the acquisition of a further interest in Block 2A and the employment of two senior executives, James Menzies and Pierre Eliet

- 
- Announced a small non-commercial discovery in the Velocette well which, through the presence of reservoir and hydrocarbons, has de-risked the other prospects on the licence
  - Announced the award in the APA licensing round of a 30% licence interest in a firm well on the Kjøttkake Lotus prospect, building our position in the prolific Kveikje area

### **Financial Summary**

- Longboat Energy plc had gross cash at 30 June 2023 of £2.1 million (30 June 2022: £22.5 million), which excludes cash of £2.2 million in Longboat Energy Norge AS (shown on the balance sheet as “held for sale” pending completion of JAPEX JV (completed post period end, 14 July 2023)
- Longboat Energy Norge AS had exploration financing facility (“EFF”) drawings of £33.7 million (30 June 2022: £15.7 million) resulting in a net debt position of £31.5 million. The majority of EFF drawings (£32.0 million) will be repaid from the Norwegian Government’s tax rebate of £35.5 million, due in November 2023
- Longboat Energy plc’s post-tax loss for the period was £6.2 million (30 June 2022: £1.6 million), total comprehensive loss for the period of £7.9 million (30 June 2022: £1.7 million). Includes write off of Egyptian Vulture of £10.5 million

This announcement does not contain inside information

### **Enquiries:**

#### **Longboat Energy**

Helge Hammer, Chief Executive Officer  
Jon Cooper, Chief Financial Officer  
Nick Ingrassia, Corporate Development Director

via FTI

#### **Stifel (Nomad and Joint Broker)**

Callum Stewart  
Jason Grossman  
Ashton Clanfield

Tel: +44 20 7710 7600

#### **Cavendish Capital Markets Limited (Joint Broker)**

Neil McDonald  
Pete Lynch  
Leif Powis

Tel: +44 20 7397 8900

#### **FTI Consulting (PR adviser)**

Ben Brewerton  
Rosie Corbett  
Catrin Trudgill

Tel: +44 20 3727 1000

[longboatenergy@fticonsulting.com](mailto:longboatenergy@fticonsulting.com)

---

## **Standard**

Estimates of reserves and resources have been prepared in accordance with the June 2018 Petroleum Resources Management System ("**PRMS**") as the standard for classification and reporting with an effective date of 31 December 2020.

## **Review by Qualified Person**

The technical information in this release has been reviewed by Hilde Salthe, Managing Director Longboat JAPEX Norge AS, who is a qualified person for the purposes of the AIM Guidance Note for Mining, Oil and Gas Companies. Ms Salthe is a petroleum geologist with more than 20 years' experience in the oil and gas industry. Ms Salthe has a Masters Degree from Faculty of Applied Earth Sciences at the Norwegian University of Science and Technology in Trondheim

## **Glossary**

Mmboe	Millions of barrels of oil equivalent
NCS	Norwegian Continental Shelf
scf	Standard cubic feet
stb	Stock tank barrel

# LONGBOAT ENERGY PLC

## STRATEGIC REPORT

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

---

#### CEO Introductory Statement

In early May we announced a transaction with Japan Petroleum Exploration Co, Ltd (“JAPEX”) to form a joint venture company in Norway which involved JAPEX making a significant investment in our Norwegian subsidiary and providing a financing facility, thereby significantly strengthening the Company’s financial position.

The transaction completed in mid-July, just after the period end, and the now jointly controlled company was renamed Longboat JAPEX Norge AS (“Longboat JAPEX”). As part of the arrangements, JAPEX committed to make an initial cash investment of US\$16 million, which was paid on completion, with a further contingent consideration of US\$4 million, payable on the successful completion of the acquisition of the Statfjord satellites. Following the results of the Velocette well, the further related contingent consideration has fallen away.

From the initial US\$16 million, US\$4.6 million was utilised by Longboat JAPEX to repay the intercompany loan owed to Longboat Energy plc.

In addition to these investments, JAPEX has also provided the joint venture with a five-year US\$100 million Acquisition Bridge Facility to finance acquisitions and associated development costs in Norway. Longboat JAPEX will pursue a growth-led strategy on the Norwegian Continental Shelf to create value predominantly through the acquisition of development projects, growing 2P reserves and reaching a significant production level within three to five years. Furthermore, the joint venture will continue to pursue exploration and appraisal opportunities with the target of drilling one to three wells per year.

The Statfjord satellite acquisition was announced in early-July and is yet to complete. This is a significant acquisition as it represents not only Longboat’s first production acquisition but also demonstrates the ability of the Longboat JAPEX joint venture to access and transact opportunities. The 4.80% unitised interest in the Statfjord Øst Unit and 4.32% unitised interest in the Sygna Unit represent long-term cash flow with the fields expected to produce until the late 2030s. Initial production of ~300 boepd net to Longboat JAPEX is anticipated to approximately double in 2024 following a five well in-fill drilling programme, which is currently underway, and gas-lift installation which is complete. The cash consideration of \$12.75 million is anticipated to be paid back in under two years and will be fully funded by JAPEX’s initial investment in Longboat JAPEX and by drawing on the JAPEX facility.

Operationally, the first half of 2023 has been a quiet period without exploration drilling compared to 2021 and 2022 when the Company participated in one of the most active independent exploration drilling campaigns. In early-August the drilling of the OMV operated Velocette well commenced (Longboat JAPEX 20%) targeting a large gas-condensate prospect on the eastern flank of the Utgard High in the Norwegian Sea. On 20 September 2023 we announced a minor gas discovery where the well encountered hydrocarbons in the primary target in Cretaceous turbidity sands in the Nise formation. The Velocette volumes are at the lower end of pre-drill expectations and the discovery is not considered to be commercial in isolation. However, the licence contains numerous other prospects which have been de-risked by the presence of gas in good quality reservoir in the Velocette well. The remaining prospectivity has significant size potential in multiple structures and with slightly different trapping geometries. Further assessment of the licence prospectivity together with other opportunities in the area could impact the commercial potential of the licence. High quality data and gas and fluid samples were collected in the exploration well and these will be integrated into the updated prospect evaluations.

Building our position in the prolific Kveikje area where multiple discoveries have been made this year, we announced early in the year the award in the APA licensing round of a 30% license interest in a firm well on the Lotus prospect, which lies 4km southeast of the Kveikje discovery and is expected to contain analogous injectite sands to the sand encountered in Kveikje. Based on company estimates Lotus has gross mean prospective resources of 27 mmboe with an upside of 44 mmboe. The estimated chance of success is 56%. At the end of May we announced that the Lotus prospect will be drilled using the semi-submersible Deepsea Yantai and is expected to be drilled during Q3 2024.

In February, we announced that Longboat had entered into Malaysia through the award of a production sharing agreement for Block 2A, a large exploration block covering an area of more than 12,000 km<sup>2</sup> offshore Sarawak with material exploration opportunities including the giant ‘Kertang’ prospect. Longboat is operator (36.75%) of the block which already has significant 2D and 3D seismic coverage and the partnership includes PETRONAS and Petroleum Sarawak Exploration & Production. This potentially significant opportunity has been acquired without a material initial cost obligation and with three years until a drilling commitment decision has to be made. We are very excited about the opportunity set in Malaysia which in many ways resembles the North Sea a decade ago. Establishing a presence

# LONGBOAT ENERGY PLC

## STRATEGIC REPORT

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

---

in Malaysia and building an excellent relationship with PETRONAS provides Longboat with a significantly expanded opportunity set and improved growth potential.

In September we announced a transaction to expand our business in SE Asia through the acquisition of privately-held Topaz Number One Limited, increasing our working interest to 52.5% in Block 2A. This transaction will simplify the process towards making a positive well decision on the prospect and the potential introduction of an additional funding partner prior to drilling. Consideration for this acquisition will be in three tranches: an initial \$100,000 through an issue of new ordinary shares in the Company; a further US\$125,000 in cash or shares payable upon an exploration well being committed on Block 2A or a farm-out; and up to US\$3,000,000 in cash or shares payable upon a discovery being made on Block 2A, depending on the resource size and the growth in the price of the Company's shares over a two year period. Furthermore, the Topaz team, which comprise James Menzies and Pierre Eliet, will join Longboat Energy bringing extensive regional expertise and an established SE Asia network, thereby strengthening Longboat's team and our ability to grow a full cycle E&P business in SE Asia.

#### Strategy and Outlook

Longboat is committed to building a full-cycle E&P business both in Norway and in SE Asia. The creation of the Longboat JAPEX joint venture in Norway has the potential to deliver significant value creation and growth and brings together two companies with strong complimentary qualities. The Longboat team has significant technical experience and expertise in the Norwegian E&P sector and strong local industry relationships, while JAPEX is a long-established E&P company with a strong balance sheet and significant worldwide technical competence including E&P in the North Sea. The two companies also share the ambition to have strong ESG credentials and play roles in the energy transition, where JAPEX already has experience with a Carbon Capture Utilisation and Storage (CCUS) pilot project. By joining forces, we will have greater access to opportunities and financing. We believe that this agreement has laid the foundations for exciting growth in Norway in the coming years.

In a situation where access to energy is becoming increasingly important and particularly gas in North West 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 the total estimated resources of 100 billion boe have so far been produced and sold. Longboat, with its highly skilled geological and geophysical team and extensive industry network, is uniquely positioned to find business opportunities and exploration prospects.

Norway also continues to offer an attractive regulatory framework. A new Norwegian Petroleum Tax System was introduced during 2022, which was generally positive for Longboat. The main elements of the updated 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. In early 2023, Longboat JAPEX increased its exploration finance facility ("EFF") to NOK 800 million from NOK 600 million and extended the availability period for drawing by one year through to 31 December 2024. Longboat JAPEX will use these EFF credit facilities to assist with the working capital requirement for future exploration expenditure.

The North Sea M&A market for production and development remains highly competitive. We believe the establishment of the Longboat JAPEX joint venture will bring more access to financeable opportunities. To make use of our highly skilled team and to accelerate growth Longboat expanded its activities to include Southeast Asia. Longboat identified the Malaysian market as having many of the characteristics required to fast track the development of a full cycle E&P Company, including a large and active E&P industry, significant existing infrastructure, stable regulatory framework, supportive authorities and an active M&A market. Accordingly, in February 2023, Longboat announced its first licence award in Malaysia which has many similarities to what the Norwegian North Sea had 15-20 years ago, and Longboat is in a strong position to exploit this opportunity due to our subsurface and M&A expertise and industry relationships. In order to accelerate this ambition, James Menzies and Pierre Eliet will join Longboat Energy to help grow a full cycle E&P business in SE Asia.

#### Financial Results

On 14 July 2023, our Norwegian subsidiary became a joint venture with JAPEX. At 30 June 2023, the completion of this transaction was considered highly probable and as this would result in Longboat Energy plc sharing control of its subsidiary, it would be deemed a sale in the parent company accounts. Therefore, the results of our Norwegian subsidiary are classified as discontinued operations in the Income Statement, with comparatives restated to be

# LONGBOAT ENERGY PLC

## STRATEGIC REPORT

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

---

consistent with this approach. The assets and liabilities of our Norwegian subsidiary are disclosed as held for sale in the Balance sheet. These calculations and disclosures are in line with IFRS 5 “Non-current assets held for sale and discontinued operations”.

Longboat Energy plc had gross cash at 30 June 2023 of £2.1 million (30 June 2022: £22.5 million), which excludes cash of £2.2 million in Longboat Energy Norge AS, that was shown on the balance sheet as held for sale. Longboat Energy Norge AS had EFF drawings of £33.7 million (30 June 2022: £15.7million) resulting in a net debt position of £31.5 million. The EFF drawings disclosed in Note 21 are shown net of prepaid loan fees of £0.5 million, which are being amortised over the life of the facility. The majority of EFF drawings (£32.0 million) will be repaid from the Norwegian Government’s tax rebate of £35.5 million, due in November 2023. Longboat Energy plc’s post-tax loss for the period was £6.2 million (30 June 2022: £1.6 million), total comprehensive loss for the period of £7.9 million (30 June 2022: £1.7 million). During the period our Norwegian subsidiary had a much less active drilling campaign compared to the prior period with £0.4 million (30 June 2022: £14.6 million) of exploration drilling costs and £0.3 million (30 June 2022: £14.2 million) of exploration carry costs. In the period, Egyptian Vulture was relinquished and the intangible asset of £10.5 million pre-tax and £2.3 million post tax was written off. The post-tax write off is included in the loss from discontinued operations of £4.1 million.

On 20 September we announced Velocette (PL1016) as a small non-commercial gas discovery. The failure of the Velocette well to find commercial hydrocarbons means that the Velocette Tranche under the JAPEX investment agreement will not be payable. The results and follow up potential are being evaluated. As at the 30 June 2023 the intangible asset in relation to licence PL1016 was £1.6 million with anticipated net pre-tax drilling and carry cost estimates of £19.9 million (net post tax costs of £5.6), based on operator pre-drill estimates. The intangible carrying value will be updated as the operator’s invoices are issued and the ability to carry these amounts will be assessed again at the year end.

Longboat Energy plc’s continuing operations administrative expenses in the period were £2.0 million (30 June 2022: £1.3 million). Wages and salaries for continuing operations in the period were £0.7 million (30 June 2022: £0.8 million).

#### 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 Group is a going concern. Base case scenarios include completion of the Statfjord Satellites acquisition. Having undertaken careful enquiry, the Directors are of the view the Group will need to access additional funds during 2024 in order to fund on-going operations and pursue growth opportunities. This is in line with the Company’s current activities of exploring, maturing its discoveries and seeking acquisitions. In the absence of such funding, the Group is forecasted to have limited or no liquidity by early 2025 and, in some reasonably possible downside scenarios during 2024. It is anticipated that these funds will be sourced through asset disposals / farm downs, issuing new equity or a combination of these actions. To the extent that growth opportunities will support debt, this will be considered where appropriate for example to support production acquisitions. The financial statements for the period to 30 June 2023 have been prepared assuming the Group will continue as a going concern. In support of this, the Directors believe the liquid nature of asset market combined with historical shareholder support, adequate funds can be accessed if and when required. However, the ability to continue as a going concern 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 Group’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.

On behalf of the board

.....  
Helge Ansgar Hammer  
Director

26 September 2023

# LONGBOAT ENERGY PLC

## DIRECTORS' RESPONSIBILITIES STATEMENT

*FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023*

---

The directors are responsible for preparing the interim report in accordance with applicable law and regulations.

The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. 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 Group and of the profit or loss of the Group for that period. The directors are also required to prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the United Kingdom, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Website publication**

The directors are responsible for ensuring the annual and interim reports and financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

# LONGBOAT ENERGY PLC

## INDEPENDENT REVIEW REPORT

### *FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023*

---

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with the London Stock Exchange AIM Rules for Companies.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated interim financial information.

#### **Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

#### **Material uncertainty related to going concern**

We draw attention to note 1.2 to the condensed set of financial statements which indicates that the Group requires additional funding which is not secured. These events or conditions, along with other matters as set out in note 1.2, indicate that a material uncertainty exists which may cast significant doubt over the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

#### **Directors' responsibility for the interim financial statements**

The directors are responsible for preparing the half-yearly financial report in accordance with the London Stock Exchange AIM Rules for Companies which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

In preparing the half-yearly financial report, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the review of the financial information**

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.



# LONGBOAT ENERGY PLC

## INDEPENDENT REVIEW REPORT

***FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023***

---

### **Use of our report**

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange AIM Rules for Companies for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP  
Chartered Accountants  
London, UK  
26 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# LONGBOAT ENERGY PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

	Notes	6 months ended 30 June 2023 unaudited £	Restated 6 months ended to 30 June 2022 unaudited £	Restated Year to 31 December 2022 audited £
Administrative expenses		(1,966,497)	(1,294,745)	(2,660,910)
<b>Operating loss</b>	<b>6</b>	<u>(1,966,497)</u>	<u>(1,294,745)</u>	<u>(2,660,910)</u>
Investment income	<b>5</b>	-	-	42,374
Net foreign exchange gain/(loss)		(134,845)	8,858	26,063
<b>Loss before taxation from continuing operations</b>		<u>(2,049,850)</u>	<u>(1,285,887)</u>	<u>(2,592,473)</u>
Income tax credit	<b>8</b>	-	-	-
<b>Loss for the period from continuing operations</b>		<u>(2,049,850)</u>	<u>(1,285,887)</u>	<u>(2,592,473)</u>
Loss for the period from discontinued operations	<b>9</b>	(4,132,511)	(358,477)	(12,880,134)
<b>Loss for the period</b>		<u>(6,182,361)</u>	<u>(1,644,364)</u>	<u>(15,472,607)</u>
<b>Items that may be reclassified to profit or loss</b>				
Currency translation differences from discontinued		(1,716,511)	(23,989)	(19,754)
<b>Total items that may be reclassified to profit or loss</b>		<u>(1,716,511)</u>	<u>(23,989)</u>	<u>(19,754)</u>
<b>Total comprehensive loss</b>		<u>(7,898,872)</u>	<u>(1,668,353)</u>	<u>(15,492,360)</u>
<b>Loss per share</b>	<b>10</b>			
Basic and diluted – continuing		(3.62)	(2.27)	(4.57)
Basic and diluted –		(7.29)	(0.63)	(22.73)

Loss per share is expressed in pence per share.

# LONGBOAT ENERGY PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

	Notes	30 June 2023 unaudited £	30 June 2022 unaudited £	31 Dec 2022 audited £
<b>Non-current assets</b>				
Exploration and evaluation assets	11	-	55,191,851	34,661,436
Property, plant and equipment	11	12,718	74,817	66,107
Right of use assets	11	-	498,806	447,396
Trade and other receivables	13	-	-	98,368
Non-current tax receivable	14	-	20,960,554	-
		<u>12,718</u>	<u>76,726,028</u>	<u>35,273,307</u>
<b>Current assets</b>				
Cash and cash equivalents		2,100,622	22,492,722	12,059,561
Inventories	12	-	104,502	123,432
Trade and other receivables	13	224,961	991,174	934,918
Current tax recoverable	14	-	-	40,755,157
		<u>2,325,583</u>	<u>23,588,398</u>	<u>53,873,068</u>
<b>Assets in disposal group held for sale</b>	21	61,645,759	-	-
		<u>63,984,060</u>	<u>100,314,426</u>	<u>89,146,375</u>
<b>Total assets</b>				
<b>Current liabilities</b>				
Trade and other payables	15	282,562	8,668,246	5,225,497
Lease liabilities	16	-	119,219	122,612
Exploration Finance Facility		-	-	36,761,340
		<u>282,562</u>	<u>8,787,465</u>	<u>42,109,449</u>
<b>Liabilities in disposal group held for sale</b>	21	50,515,795	-	-
		<u>2,043,021</u>	<u>14,800,933</u>	<u>11,763,619</u>
<b>Net current assets</b>				
<b>Non-current liabilities</b>				
Lease liabilities	16	-	422,822	366,968
Deferred tax liabilities	17	-	41,146,691	25,736,898
Bank loans and borrowings		-	15,328,609	-
		<u>-</u>	<u>26,103,866</u>	<u>26,103,866</u>
<b>Total liabilities</b>		<u>50,798,357</u>	<u>65,685,587</u>	<u>68,213,315</u>
<b>Net assets</b>		<u>13,185,703</u>	<u>34,628,839</u>	<u>20,933,060</u>

**LONGBOAT ENERGY PLC**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

***FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023***

---

\_\_\_\_\_

# LONGBOAT ENERGY PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

---

### Equity

Called up share capital	18	5,666,665	5,666,665	5,666,665
Share premium account		35,570,411	35,570,411	35,570,411
Own shares		450,000	450,000	450,000
Currency translation reserve		(1,155,269)	557,007	561,242
Share based payment reserve		811,964	532,220	660,449
Retained earnings		(28,158,068)	(8,147,464)	(21,975,707)
<b>Total equity</b>		<u>13,185,703</u>	<u>34,628,839</u>	<u>20,933,060</u>
<b>Total equity and liabilities</b>		<u>64,500,911</u>	<u>100,314,426</u>	<u>89,146,375</u>

The financial statements were approved by the board of directors and authorised for issue on 26 September 2023 and are signed on its behalf by:

.....  
Helge Ansgar Hammer  
**Director**

**Company Registration No. 12020297**

# LONGBOAT ENERGY PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

	Share capital £	Share premium account £	Currency translation reserve £	Share based payment reserve £	Own shares £	Retained earnings £	Total £
<b>Balance at 1 January 2022</b>	5,666,665	35,570,411	580,996	353,550	450,000	(6,503,100)	36,118,522
<b>Period ended 30 June 2022</b>							
Loss for the period	-	-	-	-	-	(1,644,364)	(1,644,364)
Other comprehensive loss for the period	-	-	(23,989)	-	-	-	(23,989)
Credit to equity for equity settled share-based payments	-	-	-	178,670	-	-	178,670
<b>Balance at 30 June 2022</b>	5,666,665	35,570,411	557,007	532,220	450,000	(8,147,464)	34,628,839
<b>Period ended 31 December 2022</b>							
Loss for the period	-	-	-	-	-	(13,828,243)	(13,828,243)
Other comprehensive income for the period	-	-	4,235	-	-	-	4,235
Credit to equity for equity settled share-based payments	-	-	-	128,229	-	-	128,229
<b>Balance at 31 December 2022</b>	5,666,665	35,570,411	561,242	660,449	450,000	(21,975,707)	20,933,060
<b>Period ended 30 June 2023</b>							
Loss for the period	-	-	-	-	-	(6,182,361)	(6,182,361)
Other comprehensive income for the period	-	-	(1,716,511)	-	-	-	(1,716,511)
Credit to equity for equity settled share-based payments	-	-	-	151,515	-	-	151,515
<b>Balance at 30 June 2023</b>	5,666,665	35,570,411	(1,155,269)	811,964	450,000	(28,158,068)	13,185,703

# LONGBOAT ENERGY PLC

## CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

	Notes	30 June 2023 unaudited £	Restated 30 June 2022 unaudited £	Restated 31 December 2022 audited £
<b>Cash flows from operating activities</b>				
Cash absorbed by continuing operations	20	(1,990,241)	(1,430,178)	(2,616,492)
Cash absorbed by operating activities from discontinued operations		(1,300,256)	(1,559,951)	(4,957,680)
<b>Net cash (outflow) from operating activities</b>		<b>(3,290,497)</b>	<b>(2,990,129)</b>	<b>(7,574,172)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(3,500)	(2,800)	(4,998)
Interest received		51,492	-	42,486
Investing activities from discontinued operations	22	(4,577,757)	(15,794,167)	(43,116,021)
<b>Net cash used in investing activities</b>		<b>(4,529,765)</b>	<b>(15,796,967)</b>	<b>(43,078,533)</b>
<b>Financing activities</b>				
Interest paid		-	-	(112)
Financing activities from discontinued operations	22	166,313	14,922,731	35,179,319
<b>Net cash generated from financing activities</b>		<b>166,313</b>	<b>14,922,731</b>	<b>35,179,207</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(7,653,949)</b>	<b>(3,864,365)</b>	<b>(15,473,498)</b>
Cash and cash equivalents at beginning of period		12,059,561	26,282,067	26,282,067
Effect of foreign exchange rates		(88,051)	75,020	1,250,992
<b>Cash and cash equivalents at end of period</b>		<b>4,317,561</b>	<b>22,492,722</b>	<b>12,059,561</b>
Cash held in continuing operations		2,100,622	22,492,722	12,059,561
Cash classified as held for sale		2,216,939	-	-
<b>Relating to:</b>				
Bank balances and short term deposits		2,100,622	22,492,722	12,059,561

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

---

#### 1 Accounting policies

##### Company information

Longboat Energy plc is a public company limited by shares incorporated in England and Wales. The registered office is 5th Floor One New Change, London, EC4M 9AF. The Company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with UK adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The same accounting policies, presentation and methods of computation are followed in the interim consolidated financial information as were applied in the Gr'up's latest annual audited financial statements except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2023 and will be adopted in the 2023 annual financial statements.

This interim financial information does not constitute statutory accounts within the meaning of section 434 and of the Companies Act 2006. The information for the year ended 31 December 2022 included in this report was derived from the statutory accounts for that year, which were prepared in accordance with UK adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, a copy of which has been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under s498(2) or (3) Companies Act 2006, but it did contain a material uncertainty in relation to going concern. The ISRE 2410 review conclusion on the consolidated interim financial statements as of and for the six-month period ended 30 June 2022 included a material uncertainty in respect of the going concern paragraph.

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

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

The Group interim financial statements consolidate the financial statements of the parent company and the held for sale subsidiary undertaking drawn up to 30 June 2023.

##### 1.2 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 Group is a going concern. Base case scenarios include completion of the Statfjord Satellites acquisition. Having undertaken careful enquiry, the Directors are of the view the Group will need to access additional funds during 2024 in order to fund on-going operations and pursue growth opportunities. This is in line with the Company's current activities of exploring, maturing its discoveries and seeking acquisitions. In the absence of such funding, the Group is forecast to have limited or no liquidity by early 2025 and, in some reasonably possible downside scenarios during 2024. It is anticipated that these funds will be sourced through asset disposals / farm downs, issuing new equity or a combination of these actions. To the extent that growth opportunities will support debt, this will be considered where appropriate for example to support production acquisitions. The financial statements for the period to 30 June 2023 have been prepared assuming the Group will continue as a going concern. In support of this, the Directors believe the liquid nature of asset market combined with historical shareholder support, adequate funds can be accessed if and when required. However, the ability to continue as a going concern 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 Group'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 PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

---

#### 1.3 Discontinued operations and assets held for sale

In accordance with IFRS 5 “Non-current assets held for sale and discontinued operations” the net results relating to the assets held for sale are presented within discontinued operations in the income statement, for which the comparatives have been restated. The assets and liabilities of these operations are presented separately on the balance sheet. Please refer to note 21 for further details.

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

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim financial statements of the Group.

#### 3 Critical accounting estimates and judgements

In the application of the Group’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.

##### Exploration and evaluation assets

Judgement is required to determine whether impairment indicators exist in respect of the Group’s exploration assets recognised in the statement of financial position. The Group 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 Group relies upon information from third parties to take these decisions and can be subject to change if future information becomes available. At 30 June 2023 all exploration and evaluation assets were classified as held for sale. See notes 11 and 21

##### Share based payments

Estimation was required in determining inputs to the share-based payment calculations including share price volatility as detailed in the annual accounts for the year to 31 December 2022.

Under the Founder Incentive Plan, judgment was required in determining the point at which the Company and recipients had a shared mutual understanding of the terms of the awards. Whilst the awards were legally granted in July 2020, the Board consider that the IPO Admission Document provided such a shared mutual understanding given the detailed disclosure of the terms of the scheme.

Under the Long-Term Incentive Plan, judgement was required in determining the fair value of the shares awarded. The Board has taken advice from external parties and has determined the fair value per share.

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

#### 4 Employees

The average monthly number of persons (including directors) employed by the Group during the period was:

	Six month period ended 30 June 2023 Number	Restated Six month period ended 30 June 2022 Number	Restated Year ended 31 Dec 2022 Number
Executive Directors	3	3	3
Non-Executive Directors	4	4	4
Staff	2	2	2
Total	<u>7</u>	<u>8</u>	<u>8</u>

Their aggregate remuneration comprised:

	Six month period ended 30 June 2023 £	Restated Six month period ended 30 June 2022 £	Restated Year ended 31 Dec 2022 £
Wages and salaries (including directors' remuneration)	526,820	526,815	1,036,481
Social security costs	66,250	83,134	160,616
Pension costs	28,750	27,500	55,000
Share based payment charge	<u>85,582</u>	<u>119,671</u>	<u>157,756</u>
	<u>707,402</u>	<u>757,120</u>	<u>1,409,853</u>

#### 5 Investment Income

	Six month period ended 30 June 2023 £	Restated Six month period ended 30 June 2022 £	Restated Year ended to 31 Dec 2022 £
<b>Interest income</b>			
Bank deposits	<u>51,492</u>	<u>-</u>	<u>42,374</u>

Total interest income for financial assets that are not held at fair value through profit or loss is £NIL (2022: £NIL).

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

#### 6 Operating Loss

	Six month Period ended 30 June 2023 £	Restated Six month period ended 30 June 2022 £	Restated Year ended 31 Dec 2022 £
Operating loss for the period is stated after charging/(crediting):			
Exchange losses/(gains)	134,845	(8,858)	(26,063)
Fees payable to the company's auditor for the audit of the company's financial statements	47,750	-	65,000
Depreciation of property, plant and equipment	5,047	5,050	10,300
Share-based payments	85,582	119,671	157,756

#### 7 Auditor's remuneration

	Six month period ended 30 June 2023 £	Restated Six month period ended 30 June 2022 £	Restated Year ended 31 Dec 2022 £
Fees payable to the company's auditor and associates:			
<b>For audit services</b>			
Audit of the financial statements of the company and consolidated financial statements	47,750	-	65,000
Audit of the financial statements of the company's subsidiaries*	15,237	-	18,304
	<u>62,987</u>	<u>-</u>	<u>83,304</u>

\*This fee is in relation to the audit of Longboat Energy Norge AS, which was held for sale as at 30 June 2023.

#### For non-audit services

Interim review	26,250	23,000	23,000
Other services	-	-	-
Total non-audit fees	<u>26,250</u>	<u>23,000</u>	<u>23,000</u>

During the period the auditor provided non-audit services of £26,250 (2022: £23,000) for their role in review of the interim accounts.

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

#### 8 Income tax credit

	Six month period ended 30 June 2023 £	Restated Six month period ended 30 June 2022 £	Restated Year ended 31 Dec 2022 £
<b>Current tax</b>			
UK corporation tax on profits for the current period	-	-	-
<b>Deferred tax</b>			
UK deferred taxation	-	-	-
<b>Total tax</b>	-	-	-

No deferred tax asset has been recognised in the UK because there is uncertainty of the timing of suitable future profits against which they can be recovered. The Company has losses carried forward of £6,457,841 (Dec 22: £4,783,533). A deferred tax liability has been recognised relating to Norway, further details of which can be found in Note 17 and Note 21.

#### 9 Loss for period from discontinued operations

On 28 April 2023 an Investment Agreement was entered into whereby Japan Petroleum Exploration Co.Ltd agreed to made a significant investment in Longboat Energy Norge AS to form a joint venture. As this investment will result in sharing control of the subsidiary, Longboat Energy Norge AS is considered as held for sale and the results of the entity are disclosed under discontinued operations. See Note 21 for more details.

	30 June 2023 £	30 June 2022 £	31 Dec 2022 £
Expenses excluding exploration write offs	(3,061,498)	(901,120)	(3,918,853)
Exploration write off	(10,496,796)	(309,338)	(42,877,022)
<b>Loss before tax</b>	<b>(13,558,294)</b>	<b>(1,210,458)</b>	<b>(46,795,875)</b>
Current tax on discontinued operations	1,775,778	23,788,540	41,029,956
Deferred tax on discontinued operations	7,650,005	(22,936,559)	(7,114,215)
<b>Loss after tax on discontinued operations</b>	<b>(4,132,511)</b>	<b>(358,477)</b>	<b>(12,880,134)</b>
<b>Loss per share impact from discontinued: operations</b>			
Basic and diluted impact	(7.29)	(0.63)	(22.73)

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

---

10 Loss per share	30 June 2023 £	Restated 30 June 2022 £	Restated 31 Dec 2022 £
Weighted average number of ordinary shares for basic loss per share	56,666,666	56,666,666	56,666,665
<b>Losses:</b>			
<b>Continued operations</b>			
Loss for the period from continued operations	(2,049,850)	(1,285,887)	(2,592,473)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	(4,132,511)	(358,477)	(12,880,134)
<b>Basic and diluted loss per share (pence per share)</b>			
From continuing operations	(3.62)	(2.27)	(4.57)
From discontinued operations	(7.29)	(0.63)	(22.73)
	<u>(10.91)</u>	<u>(2.90)</u>	<u>(27.30)</u>

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

#### 11 Non-current assets

	Exploration and evaluation assets £	Right of Use Asset £	Fixtures and Fittings £	Computers £	Total £
<b>Cost</b>					
At 1 January 2022	23,988,754	580,044	3,340	37,033	24,609,171
Additions	53,588,635	-	42,570	17,333	53,648,538
Foreign currency adjustments	(38,932)	3,516	21	55	(35,340)
Exploration write off	(42,877,021)	-	-	-	(42,877,021)
At 31 December 2022	34,661,436	583,560	45,931	54,421	35,345,348
Additions*	-	-	-	3,500	3,500
Additions**	715,329	-	-	-	715,329
Foreign currency adjustments **	(3,679,984)	(45,839)	(5,728)	(2,941)	(3,734,492)
Exploration write off **	(10,496,796)	-	-	-	(10,496,796)
Assets held for sale	(21,199,985)	(537,721)	(38,796)	(19,923)	(21,796,425)
<b>At 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>1,407</b>	<b>35,057</b>	<b>36,464</b>
<b>Accumulated depreciation and impairment</b>					
At 1 January 2022	-	19,335	167	10,606	30,108
Charge for the year	-	117,099	7,772	16,787	141,658
Foreign currency adjustments	-	(270)	(343)	(744)	(1,357)
At 31 December 2022	-	136,164	7,596	26,649	170,409
Charge for the six month period *	-	-	235	4,813	5,048
Charge for the six month period **	-	35,253	1,669	3,407	40,329
Foreign currency adjustments**	-	(19,589)	(189)	(2,468)	(22,246)
Assets held for sale	-	(151,828)	(8,607)	(9,359)	(169,794)
At 30 June 2023	-	-	704	23,042	23,746
<b>Carrying amount</b>					
At 30 June 2023 *	-	-	703	12,015	12,718
At 30 June 2023 **	21,199,985	385,893	30,189	10,564	21,626,631
At 30 June 2022	55,191,851	498,806	42,447	32,370	55,765,474
At 31 December 2022	34,661,436	447,396	38,335	27,772	35,174,939

\*Relates to continuing operations

\*\*Relates to discontinued operations and assets held for sale

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

#### 12 Inventories

	30 June 2023 £	30 June 2022 £	31 Dec 2022 £
Materials and supplies	-	104,502	123,432

Closing inventories are equal to their net realisable value.

#### 13 Trade and other receivables

	30 June 2023 £	30 June 2022 £	31 Dec 2022 £
<b>Non-current</b>			
Prepayments	-	-	98,368
<b>Current</b>			
Trade receivables	-	177,245	14,073
VAT recoverable	115,182	184,855	182,160
Prepayments and other receivables	109,779	629,074	738,685
	<u>224,961</u>	<u>991,174</u>	<u>934,918</u>
	<u>224,961</u>	<u>991,174</u>	<u>1,033,286</u>

#### 14 Current and non-current tax receivable

Tax receivables relate to Longboat Energy Norge AS, which is classified as held for sale as at 30 June 2023.

	30 June 2023 £	30 June 2022 £	31 Dec 2022 £
Current tax receivable	-	-	40,755,157
Non-current tax receivable	-	20,960,554	-
	<u>-</u>	<u>20,960,554</u>	<u>40,755,157</u>

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

#### 15 Trade and other payables

	30 June 2023 £	30 June 2022 £	31 Dec 2022 £
Trade payables	4,822	3,568,526	2,840,806
Accruals	165,848	4,757,033	1,373,031
Social security and other taxation	95,750	336,911	302,900
Other payables	16,142	5,776	708,760
	<u>282,562</u>	<u>8,668,246</u>	<u>5,225,497</u>
Exploration Financing Facility	<u>-</u>	<u>-</u>	<u>36,761,340</u>

#### 16 Lease liabilities

The Group has lease contracts for buildings used in its operations, which are held by Longboat Energy Norge AS, which is now classified as held for sale. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right of use assets recognised and the movements during the period:

	30 June 2023 £	30 June 2022 £	31 Dec 2022 £
Opening balance	489,580	-	582,802
Additions	25,163	-	-
Repayments	(66,939)	(43,694)	(103,812)
Interest	(13,898)	8,131	14,510
Foreign exchange	(58,112)	(5,198)	(3,920)
Liabilities held for sale	<b>403,591</b>	-	-
<b>Closing balance</b>	<b>-</b>	<b>542,041</b>	<b>489,580</b>
<b>Lease liabilities:</b>			
Within 1 year	-	119,219	122,612
In two to five years	-	422,822	366,968
	<u>-</u>	<u>542,041</u>	<u>489,580</u>
<b>Maturity analysis</b>			
Within one year	-	115,109	134,971
In two to five years	-	383,697	382,419
<b>Total undiscounted liabilities</b>	<b>-</b>	<b>498,806</b>	<b>517,390</b>
Future finance charges and other adjustments	<u>-</u>	<u>43,235</u>	<u>(27,810)</u>
Lease liabilities in the financial statements	<u>-</u>	<u>542,041</u>	<u>489,580</u>
Lease liabilities held for sale	<u>403,591</u>	<u>-</u>	<u>-</u>



# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

#### 17 Deferred taxation

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

All the deferred tax balance relates to Longboat Energy Norge AS, which was held for sale as at 30 June 2023.

	ACAs £	Total £
Deferred tax balance at 1 January 2022	18,766,424	18,766,424
<b>Deferred tax movements</b>		
Differences in tax basis for depreciation in Norway	<u>22,380,267</u>	<u>22,380,267</u>
Deferred tax liability at 30 June 2022	<u>41,146,691</u>	<u>41,146,691</u>
<b>Deferred tax movements</b>		
Differences in tax basis for depreciation in Norway	(15,266,051)	(15,266,051)
Foreign exchange	<u>(143,742)</u>	<u>(143,742)</u>
Deferred tax liability at 31 December 2022	<u>25,736,898</u>	<u>25,736,898</u>
<b>Deferred tax movements</b>		
Foreign exchange	(2,859,585)	(2,859,585)
Differences in tax basis for depreciation in Norway	(7,663,789)	(7,663,789)
Change in other temporary differences	(13,784)	(13,784)
Deferred tax liability moved to held for sale	<u>(15,199,740)</u>	<u>(15,199,740)</u>
Deferred tax liability at 30 June 2023	<u>-</u>	<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. In Norway, deferred tax assets and liabilities occur mainly because of prepayment of Exploration spend. Exploration spend is fully tax refundable when incurred.

#### 18 Share Capital

	£
Balance at 1 January 2022	<u>5,666,665</u>
Balance at 30 June and 31 December 2022	<u>5,666,665</u>
Balance at 30 June 2023	<u>5,666,665</u>

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

---

#### 19 Related party transactions

##### Remuneration of key management personnel

Members of the Board of Directors are deemed to be key management personnel. Key management personnel compensation for the financial period is the same as the Director remuneration which is disclosed in the Annual Report and accounts.

##### Other information

Directors' and PDMR interests in the shares of the Company as at 30 June 2023, including family interests, were as follows:

	Ordinary shares
Helge Hammer	837,023
Jonathan Cooper	333,432
Graham Stewart	350,000
Jorunn Saetre	51,667
Nick Ingrassia	179,023
Julian Riddick (PDMR)	272,648
Hilde Sathe (PDMR)	11,805

In addition, at 30 June 2023 the following conditional awards have been made to the Executive Directors and Company Secretary under the prior period FIP which are expressed as a percentage of the total maximum

Founder	Percentage entitlement of Initial Award pool %	Maximum percentage entitlement of growth in value from IPO %	Maximum percentage of issued share capital %
Helge Hammer	23.50%	3.53%	1.48%
Graham Stewart	19.75%	2.96%	0.62%
Jonathan Cooper	19.13%	2.87%	0.59%
Julian Riddick	18.50%	2.78%	0.48%

The Group does not have one controlling party.

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

#### 20 Cash used by continuing operations

	30 June 2023 £	Restated 30 June 2022 £	Restated 31 Dec 2022 £
Loss for the six month period after tax –	(2,049,850)	(1,285,887)	(2,592,473)
<b>Add back:</b>			
Depreciation	5,047	5,050	10,300
Interest payable	-	-	112
Interest receivable	(51,492)		(42,486)
Share based payments expense	85,582	119,671	157,757
<b>Movements in working capital:</b>			
Trade payables	15,391	(80,205)	(40,032)
VAT recoverable	(5,709)	(11,161)	(74,121)
Prepayments and other receivables	21,267	(22,728)	(70,805)
Accruals	(17,843)	(151,209)	(5,823)
Social security and other taxation	735	(5,603)	35,452
Other payables	6,631	1,893	5,627
Cash flow from continuing operating activities	(1,990,241)	(1,430,178)	(2,616,492)

#### 21 Assets and liabilities classified as held for sale

	30 June 2023 £
Intangible assets	21,199,985
Tangible assets	426,647
Tax recoverable	37,264,850
Other current assets held for sale	2,754,277
<b>Total assets classified as held for sale</b>	<b>61,645,759</b>
Exploration finance facility – short term	32,032,314
Other current liabilities held for sale	1,835,332
Exploration finance facility – long term*	1,157,131
Deferred tax	15,199,740
Other long term liabilities held for sale	291,278
<b>Total liabilities classified as held for sale</b>	<b>50,515,795</b>

\*Disclosed net of £0.5 million prepaid loan fees, being amortised over the life of the facility.

At the date of authorisation of the financial statements the deal resulting in the sharing of control of Longboat Energy Norge AS had completed. See Note 22 for more details. The short term EFF liability will be settled by the tax receivable included in the current assets held for sale of £37.2 million, due to be received in November 2023.

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

### 22 Cash flow for discontinued operations

	30 June 2023 £	Restated 30 June 2022 £	Restated 31 Dec 2022 £
Investing activities from			
Tax receipts	-	10,538,406	7,120,899
E&E additions	(4,631,603)	(26,279,513)	(50,289,195)
PP&E additions	(311)	(53,060)	(56,108)
Interest received	54,157	-	108,382
<b>Cash flow from investing</b>	<b>(4,577,757)</b>	<b>(15,794,167)</b>	<b>(43,116,021)</b>
Finance activities from			
Receipt of loan	1,417,944	15,328,609	36,462,022
Interest paid	(1,088,344)	(180,898)	(938,121)
EFF commitment fee	(163,287)	(224,980)	(344,583)
<b>Cash flows from financing</b>	<b>166,313</b>	<b>14,922,731</b>	<b>35,179,319</b>

### 23 Events after the reporting date

On 14 July 2023 Longboat Energy Norge AS issued 3,386,430 new shares, representing 49.9% of its total share capital to Japan Petroleum Exploration Co. In the newly formed partnership both the Company and Japan Petroleum Exploration Co hold equal voting rights and joint control over Longboat Energy Norge AS under the terms of the associated shareholder agreement. Therefore, despite the 50.1% shareholding, this new arrangement constitutes shared control of Longboat Energy Norge AS and establishes a new Joint Venture partnership with Longboat Energy Norge AS renamed Longboat JAPEX Norge AS.

As a result of the transaction, Longboat JAPEX Norge AS will be accounted for as an equity accounted joint venture prospectively and the Company will record an investment in equity accounted joint venture in the statement of financial position and its share of profit or loss and other comprehensive income and expense. In accordance with accounting requirements the retained interest will be revalued with reference to the fair value of consideration paid for the 49.9%. Consideration is in three tranches: the initial tranche consisted of a cash investment of US\$16 million; the second tranche two of US\$4 million is payable contingent on the successful completion of the Staffjord satellites; and the final tranche of up to US\$30 million, payable contingent upon a successful discovery on the Velocette exploration well, has since fallen away. From the initial US\$16 million, US\$4.6 million was utilised by Longboat JAPEX to repay the intercompany loan owed to Longboat Energy plc.

The Company is currently finalising the accounting for the transaction but it is anticipated that the transaction will give rise to a gain of approximately £8.7 million based on net assets disposed at 14 July of £6.7 million, fair value of retained ownership based on the cash consideration of £12.6 million and the estimated contingent consideration of £2.7 million. The contingent consideration relates to the Staffjord satellites acquisition and is dependent on the estimated probability of completion. The failure of the Velocette well to find commercial hydrocarbons means that the Velocette Tranche under the JAPEX investment agreement will not be payable.

On 20 September 2023 the Company announced a minor gas discovery in the Velocette exploration well (Longboat JAPEX Norge AS 20%). The well encountered hydrocarbons in the primary target in Cretaceous turbidity sands in the Nise formation. The Velocette volumes are at the lower end of pre-drill expectations and the discovery is not considered to be commercial in isolation. However, the licence contains numerous other prospects which have been de-risked by the presence of gas in good quality reservoir in the Velocette well. The remaining prospectivity has significant size potential in multiple structures and with slightly different trapping geometries. Further assessment of the licence prospectivity together with other opportunities in the area could impact the commercial potential of the licence. As at the 30 June 2023 the intangible asset in relation to licence PL1016 was £1.8 million with anticipated net pre-tax drilling and carry cost estimates of £19.9 million (net post tax costs £5.6 million), based on operator pre-drill estimates. The intangible carrying value will be updated as the operator's invoices are issued and the ability to carry these amounts will be assessed again at the year end.

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

---

Post the period end Longboat announced the purchase of an interest in the Statfjord satellites, which is yet to complete. The Statfjord satellite acquisition is significant as it represents not only Longboat's first production acquisition but also evidences the ability of the Longboat JAPEX joint venture to assess and transact opportunities. The 4.80% unitised interest in the Statfjord Øst Unit and 4.32% unitised interest in the Sygna Unit represent long-term cash flow with the fields expected to produce until late 2030s. Initial production of ~300 boepd net to Longboat JAPEX is anticipated to approximately double in 2024 following a five well in-fill drilling programme, which is currently underway, and gas-lift installation which is complete. The cash consideration of \$12.75 million, contingent on completion, is anticipated to be paid back in under two years and will be fully funded by JAPEX's initial investment, and drawdown under the JAPEX acquisition bridge facility agreement.

Post the period end, Longboat Energy plc announced the acquisition of privately held Topaz Number One Limited ("Topaz"), increasing its working interest in the Production Sharing Contract over Block 2A offshore Sarawak, Malaysia ("Block 2A") to 52.5%. Topaz's sole asset is a 15.75% working interest in Block 2A. Consideration for this purchase will be in three tranches: an initial \$100,000 through an issue of new ordinary shares in the Company; a further US\$125,000 in cash or shares payable upon an exploration well being committed on Block 2A or a farm-out; and up to US\$3,000,000 in cash or shares payable upon a discovery being made on Block 2A, depending on the resource size and the growth in the price of the Company's shares over a two year period.

#### 24 Other information

A copy of this interim report and financial statements is available on the Company's website [www.longboatenergy.com](http://www.longboatenergy.com).