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

**Interim Results to 30 June 2022**

**London, 26 September 2022** - Longboat Energy, the emerging full-cycle E&P company, is pleased to announce its unaudited interim results for the period to 30 June 2022.

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

*"Last week we announced our fourth discovery from eight wells drilled over the past 15 months. This drill programme has not only made us one of the most active companies in the Norwegian North Sea but also one of the most successful in that period with discovery rates well-ahead of the industry average.*

*"Of those eight wells, five have been drilled this year delivering two of our most exciting discoveries to date in Oswig and Kveikje. Kveikje has excellent quality reservoir in an attractive location near infrastructure. The initial indications from Oswig are very encouraging and we should have the results of further testing in the next 6-8 weeks. Our discoveries to date, as well as next year's Velocette exploration well, all have the potential to create substantial value to shareholders."*

**Operational Highlights**

- Encouraging results from Longboat's initial eight wells exploration drilling programme with success rates and finding costs better than industry average
- Two discoveries so far this year: Kveikje and Oswig
- Kveikje discovery (Longboat 10%):
  - Excellent reservoir qualities and attractive location near infrastructure.
  - Preliminary estimates of recoverable resources in the excellent quality injectite reservoir were 28 to 48 mboe gross<sup>1</sup>)
  - Focus on near-term monetization opportunities following multiple enquiries
- Oswig discovery (Longboat 20%).
  - Preliminary analysis of extensive wireline logs and core data indicates strong correlation to nearby Tune field and presence of gas-condensate
  - Preliminary in-place volumes (GIIP) estimated above pre-drill expectations
  - Key uncertainty over recoverable resource range due to challenges collecting downhole data from existing wellbore
  - Joint venture decision to sidetrack well and conduct drill-stem test (DST) to establish reservoir productivity, detailed fluid properties and recoverable resource range
- Continued to pursue gas opportunities given its role in energy security and contribution to the energy transition
  - Secured further bilateral transaction to acquire interests in two further significant, near-term, low-risk gas exploration wells on the NCS, Oswig and Velocette
  - Near-term focus on appraising and monetising existing key discoveries and on building an attractive 3-5 well programme for 2023.
  - Continued main focus on North Sea opportunities, but also assessing wider opportunity set to leverage Longboat's high-quality network, organisation and prior experience set

**Financial Summary**

- Cash reserves of £22.5 million (30 June 2021 £38.7 million)
- Debt of £15.7 million to be repaid from the Norwegian Government's tax rebate in November 2023
- Loss for the period £1.7 million

This announcement does not contain inside information

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## Enquiries:

### Longboat Energy

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### Notes:

*ERC Equipose estimates, 2C resources of 35 mmboe with 3C potential of 60 mmboe using a conversion factor of 5,600 scf/stb*

*2 Under both existing and proposed Norwegian tax legislation, the latter assuming that the Exploration Finance Facility is amended as described in the interim report below*

### 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 Norge, 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 2022**

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### CEO Introductory Statement

#### Well results and assets

In June of last year we announced that we had farmed-in to a programme of seven exploration wells in Norway in three bilateral transactions with Equinor, Spirit and Idemitsu. Three of the wells were drilled in the second half of last year, which resulted in two discoveries: Egyptian Vulture and Rødhette. In May this year the Company farmed into two further exploration wells in a bilateral transaction with OMV. Since the beginning of this year, five exploration wells have been drilled resulting in a significant oil discovery on the Kveikje prospect, unsuccessful wells in Ginny-Hermine, Cambozola and Copernicus and, as recently announced, a discovery on Oswig which is now being tested.

In the Kveikje well (Longboat 10%), we encountered hydrocarbons at all four targets levels. Preliminary estimates of recoverable resources in the excellent quality injectite reservoir were 28 to 48 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. Furthermore, several third-party discoveries have been made close to Kveikje during the last few years, such as Røver Nord, Toppand and Swicher, which will allow for significant operational synergies and economies of scale as the Kveikje development moves forward.

The Company's fourth transaction announced in May was to farm-in to two further exploration wells on the Norwegian Continental Shelf, Oswig and Velocette, which had been negotiated bilaterally with OMV, the Austrian E&P company. The two wells are both targeting material gas resources in close proximity to Norwegian gas infrastructure. The first of these wells, Oswig, spud at the start of August and, as announced last week, a decision has been taken to drill a sidetrack well and perform a drill stem test. Extensive coring and logging data have been successfully acquired and the preliminary analysis of the data indicates excellent correlation with the nearby Tune field; likely presence of gas and condensate; and Gas In Place (GIIP) volumes in the Jurassic Tarbert reservoir higher than pre-drill expectations.

Oswig (Longboat 20%) consists of a high pressure, high temperature Jurassic rotated fault block nearby the Equinor operated producing Tune and Oseberg fields. Oswig had a pre-drill gross unrisksed mean resource of 93 mmboe making it one of the larger gas prospects being tested in Norway this year. Several additional fault blocks have been identified on-block which could contain further gross unrisksed mean resources of 80 mmboe which would be significantly derisksed by a successful DST.

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 unrisksed mean resources of 130 mmboe (26mmboe net to Longboat). Last week we announced that a rig contract had been entered into for the Transocean Norge semi-sub with the well expected to spud in Q3 next year.

In October last year, we announced the Egyptian Vulture discovery (Longboat 15%) close to infrastructure on the Halten Terrace in the Norwegian Sea. The discovery is visible on seismic as a large amplitude anomaly which covers an area of more than 80 km<sup>2</sup> and therefore has significant volume potential. Detailed technical studies are ongoing with particular focus on the seismic interpretation and the reservoir quality and distribution as, whilst expansive, it is a thin reservoir. The objectives are to reduce the risk and increase the understanding of the discovery as far as possible before making a final decision on a possible second well on Egyptian Vulture. 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 size of the discovery at gross 4-68 mmboe.

Rødhette was discovered in October last year and is located within tie-back distance to the Goliath field in the Barents Sea. The discovery contains oil and gas resources 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, which are scheduled for drilling in the area before the end of this year. On the Ginny-Hermine, Cambozola and Copernicus licences work continues to establish the remaining prospectivity on the licences.

# LONGBOAT ENERGY PLC

## STRATEGIC REPORT (continued)

**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

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### Strategy and markets

Longboat's strategy remains unchanged: to create significant value to shareholders by building a significant E&P business through value accretive M&A transactions and with the drill-bit.

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 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 was recently demonstrated by the OMV farm-in deal.

Norway also continues to offer an attractive regulatory framework. A new Norwegian Petroleum Tax System has been introduced, which Longboat views as generally 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 has worked with its lending banks and has successfully amended the 'Exploration Finance Facility' (EFF) to fit the new tax regime and will use its restructured EFF credit facilities to meet the working capital requirement for future exploration expenditure. The size and tenure of the facility remains the same as the original facility, NOK600 million and is available for drawing until 31 December 2023.

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. 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 in the North Sea, 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 recent spike in commodity prices following the Russian invasion of Ukraine has widened the gap between buyer and seller expectations. Almost all of the production transactions during the period have occurred in Norway, with the UK continuing to suffer from negative investor sentiment associated most recently with the 25% windfall levy imposed on UK producers in response to high domestic energy prices. 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.

Bearing in mind that the North Sea M&A market for production and development assets remains very competitive with a rather small number of opportunities to review, to make full use of our highly skilled team, the Company has recently also started to review opportunities in a few carefully selected countries outside of the North Sea. These are countries which offer attractive opportunities in supportive regulatory regimes as we continue to pursue in Norway.

### Financial Results

The Company's gross cash position at 30 June 2022 was £22.5 million (30 June 2021: £38.7 million) with debt of £15.7million (30 June 2021: nil) drawn under the EFF, resulting in a net cash position of £6.8 million. EFF drawings in the period will be repaid from the Norwegian Government's tax rebate, due in November 2023. The post-tax loss for the period was £1.7 million (30 June 2021: \$0.9 million). During the period the Company had an active drilling campaign which included spudding Ginny & Hermine, Kveikje and Cambozola, spending £17.7 million on exploration drilling costs and £13.5 million on exploration carry costs. Operational performance has been good and the wells were drilled in line with the budget. In the period to 30 June 2022 there were no write offs of E&A costs despite drilling dry wells while evaluation work to establish remaining prospectivity on the licences is still ongoing. The carrying value of licences and evaluation work will again be reviewed at the year end.

Administrative expenses in the period were £2.4 million (30 June 2021: 1.5 million). Wages and salaries in the period were £1.2 million (30 June 2021: 0.4 million) reflecting increased staffing costs post the farm-in deals.

# LONGBOAT ENERGY PLC

## STRATEGIC REPORT (continued)

*FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022*

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### **Going concern**

The Directors have completed the going concern assessment, including a review of cash flow forecasts to December 2023, to assess whether the Group is a going concern. Following the announcement of a discovery at Oswig, the Oswig partnership has agreed to expand the scope of appraisal work which will now include a side track and drill stem test. This expanded work programme will require additional funding under the base case towards the end of the forecast period. Whilst the directors are confident that such funding will be available if required there can be no guarantee that this will be the case. These circumstances represent 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 going concern basis of preparation being inappropriate.

### **Outlook**

Our plan remains to build Longboat into a full-cycle E&P company. The very high commodity prices are making the M&A market challenging for both buyers and sellers, although more so for buyers. That aside, Longboat remains well-placed to transact. We have an experienced team with excellent relationships across the industry and we believe there are now many excellent opportunities for Longboat to pursue. However, patience will still be required given the commodity price levels and the competitive landscape.

On behalf of the board

Helge Ansgar Hammer  
Director

23 September 2022

# LONGBOAT ENERGY PLC

## DIRECTORS' RESPONSIBILITIES STATEMENT

***FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022***

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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 2022*

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#### **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 2022 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 2022 which comprises the 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 additional funding will be required to meet the Group's commitments and obligations as they fall due. These events or conditions, along with other matters as set out in note 1.2, indicates that a material uncertainty exists which may cast significant doubt over the Company and Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### **Responsibilities of directors**

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 the Material Uncertainty Related 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 2022*

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### **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  
23 September 2022

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 2022

		6 months ended 30 June 2022 unaudited £	6 months ended to 30 June 2021 unaudited £	Year to 31 December 2021 audited £
Administrative expenses		(2,399,804)	(1,513,958)	(4,720,133)
Exploration and evaluation refund/(expense)		309,337	-	(6,399,134)
<b>Operating loss</b>	<b>6</b>	<b>(2,090,467)</b>	<b>(1,513,958)</b>	<b>(11,119,267)</b>
Investment revenues	<b>5</b>	-	3,963	11,412
Finance costs		(405,878)	-	(484,527)
<b>Loss before taxation</b>		<b>(2,496,345)</b>	<b>(1,509,995)</b>	<b>(11,592,382)</b>
Income tax credit	<b>8</b>	851,981	645,117	6,911,762
<b>Loss for the period</b>		<b>(1,644,364)</b>	<b>(864,878)</b>	<b>(4,680,620)</b>
<b>Items that may be reclassified to profit or loss</b>				
Currency translation differences		(23,989)	(11,731)	580,447
<b>Total items that may be reclassified to profit or loss</b>		<b>(23,989)</b>	<b>(11,731)</b>	<b>580,447</b>
<b>Total comprehensive loss</b>		<b>(1,668,353)</b>	<b>(876,609)</b>	<b>(4,100,173)</b>
<b>Loss per share</b>	<b>10</b>			
Basic and diluted		(2.90)	(7.70)	(12.97)

Loss per share is expressed in pence per share.

The income statement has been prepared on the basis that all operations are continuing operations.

# LONGBOAT ENERGY PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

	Notes	30 June 2022 unaudited £	30 June 2021 unaudited £	31 2021 audited £
<b>Non-current assets</b>				
Exploration and evaluation	11	55,191,851	-	23,988,754
Property, plant and equipment	11	74,817	25,685	29,600
Right of use assets	11	498,806	-	560,709
Non-current tax receivable	14	20,960,554	-	-
		<u>76,726,028</u>	<u>25,685</u>	<u>24,579,063</u>
<b>Current assets</b>				
Inventories	9	104,502	-	92,798
Trade and other receivables	12	991,174	1,368,540	1,136,081
Current tax recoverable	14	-	1,089,367	8,149,906
Cash and cash equivalents		22,492,722	38,729,643	26,282,067
		<u>23,588,398</u>	<u>41,187,550</u>	<u>35,660,852</u>
<b>Total assets</b>		<u>100,314,426</u>	<u>41,213,235</u>	<u>60,239,915</u>
<b>Current liabilities</b>				
Trade and other payables	16	8,668,246	1,707,404	4,772,167
Lease liabilities	13	119,219	-	96,172
		<u>8,787,465</u>	<u>1,707,404</u>	<u>4,868,339</u>
<b>Net current assets</b>		<u>14,800,933</u>	<u>39,480,146</u>	<u>30,792,513</u>
<b>Non-current liabilities</b>				
Lease liabilities	13	422,822	-	486,630
Deferred tax liabilities	17	41,146,691	372,709	18,766,424
Bank loans and borrowings		15,328,609	-	-
		<u>56,898,122</u>	<u>372,709</u>	<u>19,253,054</u>
<b>Total liabilities</b>		<u>65,685,587</u>	<u>2,080,113</u>	<u>24,121,393</u>
<b>Net assets</b>		<u>34,628,839</u>	<u>39,133,122</u>	<u>36,118,522</u>

# LONGBOAT ENERGY PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

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<b>Equity</b>		£	£	£
Called up share capital	<b>15</b>	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		557,007	(11,183)	580,996
Share based payment reserve		532,220	144,587	353,550
Retained earnings		(8,147,464)	(2,687,358)	(6,503,100)
<b>Total equity</b>		<u>34,628,839</u>	<u>39,133,122</u>	<u>36,118,522</u>
<b>Total equity and liabilities</b>		<u>100,314,426</u>	<u>41,213,235</u>	<u>60,239,915</u>

The financial statements were approved by the board of directors and authorised for issue on 23 September 2022 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 2022

	Share capital capital £	Share premium account £	Currency translation reserve £	Share based payment reserve £	Own shares £	Retained earnings £	Total £
<b>Balance at 1 January 2021</b>	1,000,000	7,808,660	549	97,763	450,000	(1,822,480)	7,534,492
<b>Period ended 30 June 2021</b>							
Loss for the period	-	-	-	-	-	(864,878)	(864,878)
Other comprehensive loss for the period	-	-	(11,731)	-	-	-	(11,731)
Total comprehensive loss for the period	-	-	(11,731)	-	-	(864,878)	(876,609)
Issue of share capital	4,666,665	30,333,334	-	-	-	-	34,999,999
Share issue costs	-	(2,571,584)	-	-	-	-	(2,571,584)
Credit to equity for equity settled share-based payments	-	-	-	46,824	-	-	46,824
<b>Balance at 30 June 2021</b>	5,666,665	35,570,411	(11,182)	144,587	450,000	(2,687,358)	39,133,122
<b>Period ended 31 December 2021</b>							
Loss for the period	-	-	-	-	-	(3,815,742)	(3,815,742)
Other comprehensive income for the period	-	-	592,178	-	-	-	592,178
Total comprehensive income for the period	-	-	592,178	-	-	(3,815,742)	(3,223,564)
Credit to equity for equity settled share-based payments	-	-	-	208,963	-	-	208,963
<b>Balance at 31 December 2021</b>	5,666,665	35,570,411	580,996	353,550	450,000	(6,503,100)	36,118,522

# LONGBOAT ENERGY PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

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	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 losses		-	(23,989)	-	-	-	(23,989)
Credit to equity for equity settled share-based payments	-	-	-	178,670	-	-	178,670
	<u>5,666,665</u>	<u>35,570,411</u>	<u>557,007</u>	<u>532,220</u>	<u>450,000</u>	<u>(8,147,464)</u>	<u>34,628,839</u>

# LONGBOAT ENERGY PLC

## CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

	Notes	30 June 2022 unaudited £	30 June 2021 unaudited £	31 December 2021 audited £
<b>Cash flows from operating activities</b>				
Cash absorbed by operations	19	(3,412,843)	(919,329)	(4,197,318)
Tax refunded		-	705,850	1,429,635
<b>Net cash (outflow) from operating activities</b>		<b>(3,412,843)</b>	<b>(213,479)</b>	<b>(2,767,683)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(55,547)	(17,331)	(25,769)
Tax refund relating to investing activity		10,552,543	-	17,173,053
Purchase of exploration and evaluation assets		(26,330,050)	(477,015)	(26,513,457)
Interest received	5	-	3,963	11,412
<b>Net cash used in investing activities</b>		<b>(15,833,054)</b>	<b>(490,383)</b>	<b>(9,354,761)</b>
<b>Financing activities</b>				
Issue of ordinary shares		-	32,428,415	32,428,416
Loan		15,716,675	-	-
Interest paid		(180,898)	-	(484,527)
Loan facility fees		(224,980)	-	(604,085)
<b>Net cash generated from financing activities</b>		<b>15,310,797</b>	<b>32,428,415</b>	<b>31,339,804</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,935,100)</b>	<b>31,724,553</b>	<b>19,217,360</b>
Cash and cash equivalents at beginning of period		26,282,067	7,016,199	7,016,199
Effect of foreign exchange rates		145,755	(11,733)	48,508
<b>Cash and cash equivalents at end of period</b>		<b>22,492,722</b>	<b>38,729,019</b>	<b>26,282,067</b>
<b>Relating to:</b>				
Bank balances and short term deposits		22,492,722	38,729,643	26,282,067
Bank overdrafts and credit cards		-	(624)	-

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

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### **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 consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom.

The same accounting policies, presentation and methods of computation are followed in the interim consolidated financial information as were applied in the Group'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 2021 and will be adopted in the 2022 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 2021 included in this report was derived from the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted for use in the United Kingdom, 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 a statement under 498(2) 498(3) of the Companies Act 2006. The ISRE 2410 review conclusion on the consolidated interim financial statements as of and for the six-month period ended 30 June 2021 included a material uncertainty in respect of 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 its subsidiary undertakings drawn up to 30 June 2022.

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

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#### 1 Accounting policies

##### 1.2 Going concern

The Directors have completed the going concern assessment, including a review of cash flow forecasts to December 2023, to assess whether the Group is a going concern. Following the announcement of a discovery at Oswig, the Oswig partnership has agreed to expand the scope of appraisal work which will now include a side track and drill stem test. This expanded work programme will require additional funding under the base case towards the end of the forecast period. Whilst the directors are confident that such funding will be available if required there can be no guarantee that this will be the case. These circumstances represent 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 going concern basis of preparation being inappropriate.

#### 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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, 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.

##### 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 2021.

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.

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# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

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#### 4 Employees

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

	Six month period ended 30 June 2022 Number	Six month period ended 30 June 2021 Number	Year ended 31 Dec 2021 Number
Executive Directors	5	2	3
Non-Executive Directors	4	4	4
Staff	10	2	4
	<hr/>	<hr/>	<hr/>
Total	19	8	11
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Their aggregate remuneration comprised:

	Six month period ended 30 June 2022 £	Six month period ended 30 June 2021 £	Year ended 31 Dec 2021 £
Wages and salaries	1,181,256	391,440	1,703,062
Share based payment	178,678	46,824	255,737
Social security costs	233,973	51,753	245,771
Pension costs	137,454	25,510	133,047
Foreign currency gains	-	-	(33,844)
	<hr/>	<hr/>	<hr/>
	1,731,361	515,527	2,303,773
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### 5 Investment Income

	Six month period ended 30 June 2022 £	Six month period ended 30 June 2021 £	Year ended to 31 Dec 2021 £
<b>Interest income</b>			
Bank deposits	-	3,963	11,412
	<hr/>	<hr/>	<hr/>

Total interest income for financial assets that are not held at fair value through profit or loss is £Nil (2021: £3,963).

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

#### 6 Operating Loss

	Six month period ended 30 June 2022 £	Six month period ended 30 June 2021 £	Year ended 31 Dec 2021 £
Operating loss for the period is stated after charging/(crediting):			
Exchange losses	(355,013)	47,249	151,369
Fees payable to the company's auditor for the audit of the company's financial statements	-	-	36,190
Depreciation of property, plant and equipment	67,400	3,483	30,057
Share-based payments	178,670	46,824	255,787

#### 7 Auditor's remuneration

	Six month period ended 30 June 2022 £	Six month period ended 30 June 2021 £	Year ended 31 Dec 2021 £
Fees payable to the company's auditor and associates:			
<b>For audit services</b>			
Audit of the financial statements of the company	-	-	32,000
Audit of the financial statements of the company's subsidiaries	-	-	4,190
	<u>-</u>	<u>-</u>	<u>36,190</u>
<b>For non-audit services</b>			
Interim review	23,000	16,000	16,000
Other services	-	110,000	110,000
	<u>23,000</u>	<u>126,000</u>	<u>126,000</u>

During the period the auditor provided non-audit services of £23,000 for their role in review of the interim accounts. There were £126,000 non-audit services provided in the six months to 30 June 2021 and in the year to 31 December 2021, they provided additional services for the audit of the interim financial statements and performed work in relation to the readmission to AIM.

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

#### 8 Income tax credit

	Six month period ended 30 June 2022 £	Six month period ended 30 June 2021 £	Year ended 31 Dec 2021 £
<b>Current tax</b>			
UK corporation tax on profits for the current period	-	-	-
Foreign taxes and reliefs	(23,788,541)	(1,017,401)	(25,971,588)
	<u>(23,788,541)</u>	<u>(1,017,401)</u>	<u>(25,971,588)</u>
<b>Deferred tax</b>			
Origination and reversal of temporary differences	22,936,560	372,284	19,059,826
	<u>22,936,560</u>	<u>372,284</u>	<u>19,059,826</u>
<b>Total tax (credit)</b>	<u>(851,981)</u>	<u>(645,117)</u>	<u>(6,911,762)</u>

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 £2,028,262 (June 2021: £2,003,236). A deferred tax liability has been recognised relating to Norway, further details of which can be found in Note 17.

Longboat Energy Norge AS received a tax refund under the temporary tax measures introduced in Norway for the tax year 2020 & 2021.

#### 9 Inventories

	30 June 2022 £	30 June 2021 £	31 Dec 2021 £
Materials and supplies	<u>104,502</u>	<u>-</u>	<u>92,798</u>

Closing inventories are equal to their net realisable value

#### 10 Loss per share

	30 June 2022 £	30 June 2021 £	31 Dec 2021 £
Weighted average number of ordinary shares for basic	56,666,666	11,229,050	36,082,191
<b>Losses</b>			
<b>Continuing operations</b>			
Loss for the period from continued operations	<u>(1,644,364)</u>	<u>(864,878)</u>	<u>(4,680,620)</u>
Loss for basic and diluted loss per share being net losses attributable to equity shareholders of the company for continued operations	<u>(1,644,364)</u>	<u>(864,878)</u>	<u>(4,680,620)</u>
Basic and diluted loss per share (pence per share)	<u>(2.90)</u>	<u>(7.70)</u>	<u>(12.97)</u>

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

#### 10 Loss per share (continued)

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 to conversion of all dilutive potential ordinary shares. 2,281,661 (2021: 2,281,661) of share options are not included because they are anti-dilutive, due to the loss.

#### 11 Non-current assets

	Exploration and evaluation assets	Right of Use Asset	Fixtures and Fittings	Computers
	£	£	£	£
<b>Cost</b>				
At 1 January 2021	-	-	-	14,605
Additions	-	-	-	17,331
At 30 June 2021	-	-	-	31,936
Additions	29,716,850	580,044	3,340	20,538
Disposals	-	-	-	(15,322)
Foreign currency adjustments	-	-	-	(119)
At 31 December 2021	29,716,850	580,044	3,340	37,033
Additions	30,893,760	-	41,979	13,234
Foreign currency adjustments	-	(4,499)	-	-
At 30 June 2022	60,610,610	575,545	45,319	50,267
<b>Accumulated depreciation and impairment</b>				
At 1 January 2021	-	-	-	2,807
Charge for the Six Month Period	-	-	-	3,483
Foreign currency adjustments	-	-	-	(39)
At 30 June 2021	-	-	-	6,251
Charge for the Six Month Period	-	20,015	167	6,392
Foreign currency adjustments	(671,038)	(680)	-	13
Exploration write off	6,399,134	-	-	(2,050)
At 31 December 2021	5,728,096	19,335	167	10,606
Exploration write off reversal	(309,337)	-	-	-
Charge for the Six Month Period	-	57,404	2,705	7,291
At 30 June 2022	5,418,759	76,739	2,872	17,897
<b>Carrying amount</b>				
At 30 June 2022	55,191,851	498,806	42,447	32,370
At 30 June 2021	-	-	-	25,685
At 31 December 2021	23,988,754	560,709	3,173	26,427

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

#### 11 Non-current assets (continued)

The exploration write off in the first half of 2021 relates to the Mugnetind licence. The exploration refund in the Consolidated statement of comprehensive income in 2022 relates to the reimbursements of previously billed costs from the Operator, effectively reducing the overall write off on Mugnetind.

#### 12 Trade and other receivables

	30 June 2022	30 June 2021	31 Dec 2021
	£	£	£
Trade receivables	177,245	-	22,662
VAT recoverable	184,855	144,305	81,737
Prepayments and other receivables	629,074	1,224,235	1,031,682
	<u>991,174</u>	<u>1,368,540</u>	<u>1,136,081</u>

#### 13 Lease liabilities

The Group has lease contracts for buildings used in its operations. 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 2022	30 June 2021	31 Dec 2021
	£	£	£
Opening balance	582,802	-	-
Additions	-	-	585,706
Repayments	(43,694)	-	-
Interest	8,131	-	2,758
Foreign exchange	(5,198)	-	(5,662)
<b>Closing balance</b>	<b>542,041</b>	<b>-</b>	<b>582,802</b>
Within 1 year	119,219	-	96,172
In two to five years	422,822	-	486,630
	<u>542,041</u>	<u>-</u>	<u>582,802</u>
<b>Maturity analysis</b>			
Within one year	115,109	-	111,799
In two to five years	383,697	-	514,273
<b>Total undiscounted liabilities</b>	<b>498,806</b>	<b>-</b>	<b>626,072</b>
Future finance charges and other adjustments	43,235	-	(43,270)
	<u>542,041</u>	<u>-</u>	<u>582,802</u>

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

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

	30 June 2022 £	30 June 2021 £	31 Dec 2021 £
Current tax receivable	-	1,089,367	8,149,906
Non-current tax receivable	20,960,554	-	-
	<u>20,960,554</u>	<u>1,089,367</u>	<u>8,149,906</u>

#### 15 Share Capital

	£
Balance at 1 January 2021	1,000,000
Additions	<u>4,666,665</u>
Balance at 30 June and 31 December 2021	<u>5,666,665</u>
Balance at 30 June 2022	<u>5,666,665</u>

#### 16 Trade and other payables

	30 June 2022 £	30 June 2021 £	31 Dec 2021 £
Trade payables	3,568,526	823,780	580,084
Accruals	4,757,033	830,971	2,753,202
Social security and other taxation	336,911	48,946	239,922
Other payables	5,776	3,707	1,198,959
	<u>8,668,246</u>	<u>1,707,404</u>	<u>4,772,167</u>

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

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#### 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.

	ACAs £	Total £
Deferred tax balance at 1 January 2021	431	431
<b>Deferred tax movements in prior year</b>		
Differences in tax basis for depreciation in Norway	372,278	372,278
Deferred tax liability at 30 June 2021	<u>372,709</u>	<u>372,709</u>
<b>Deferred tax movements</b>		
Foreign exchange	(293,832)	(293,832)
Differences in tax basis for depreciation in Norway	18,687,547	18,687,547
Deferred tax liability at 31 December 2021	<u>18,766,424</u>	<u>18,766,424</u>
<b>Deferred tax movements</b>		
Differences in tax basis for depreciation in Norway	22,380,267	22,380,267
Deferred tax liability at 30 June 2022	<u>41,146,691</u>	<u>41,146,691</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.

# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

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### 18 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 in the period, 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	11,805

In addition, 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 potential award,

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%	2.35%
Graham Stewart	19.75%	2.96%	1.98%
Jonathan Cooper	19.13%	2.87%	1.91%
Julian Riddick	18.50%	2.78%	1.85%

The Group does not have one controlling party.

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# LONGBOAT ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

#### 19 Cash used by operations

	30 June 2022 £	30 June 2021 £	31 Dec 2021 £
Loss for the six month period after tax	(1,644,363)	(864,878)	(4,680,620)
<b>Adjustments for:</b>			
Net taxation (credited)	(851,980)	(645,117)	(6,911,763)
Exploration write offs	(309,338)	-	6,399,134
Release of prepaid bank fees	-	-	103,517
Investment income	-	(3,963)	-
Interest payable	180,898	-	484,527
Interest receivable	-	-	(11,412)
Non-utilisation fees	224,980	-	-
Time writing adjustments	-	-	(448,071)
Depreciation of property, plant & equipment	68,523	3,483	27,982
Equity settled share-based payment expense	178,678	46,824	255,736
<b>Movements in working capital:</b>			
Increase in inventories	(11,704)	-	(92,798)
(Increase)/decrease in trade and other receivables	(221,922)	(815,712)	104,906
(Decrease)/increase in trade and other payables	(1,026,618)	1,360,034	571,544
<b>Cash (absorbed by) operations</b>	<b>(3,412,846)</b>	<b>(919,329)</b>	<b>(4,197,318)</b>

#### 20 Events after the reporting date

On 15 September 2022, the Company announced that the Copernicus well was dry.

On 23 September 2022, the Company announced that a side track and drill stem test would be performed on the Oswig well.

#### 21 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).