ANNUAL REPORT 2022

BOARD OF DIRECTORS REPORT 2022

Description of business

Mime Petroleum AS is a private limited company incorporated and domiciled in Norway, with its main office in Bærum, Norway. The company was incorporated on May 3, 2017.

Mime Petroleum is focused on hydrocarbon development and production on the Norwegian Continental shelf (NCS).

Mime Petroleum AS is wholly owned by Mime Petroleum S.à r.l. (Luxembourg). The Company is backed by Blue Water Energy LLP, a specialist international private equity firm focused on the middle-market energy sector, with USD 2.5 billion under management.

Business model and strategy

Mime's business model is to be a development and production company, participating in the discovery, appraisal, development and production of oil and gas resources on the NCS. The Company targets upsides in and around proven fields with access to processing and transportation capacity.

The organization consists of 15 employees, with a strong geological, geophysical and reservoir competence. The team has extensive experience from project execution on the NCS, and both management and employees are committed to the Company as shareholders in the Company.

Mime Petroleum AS is a non-operator.

Operations and main events in 2022

Mime became a partner in the Balder JV & Ringhorne Øst Unit in 2019 after an acquisition from Vår Energi. The transaction provided Mime with a 10 percent ownership interest in the Balder/Ringhorne field, and a 7.4 percent ownership interest in the Ringhorne Øst Unit.

Safe operations on the Balder FPU and the Ringhorne platform have continued throughout 2022 with a total production from the fields of 6.8 million boe (100%), reflecting 674 kbbl net to Mime. The 2022-production came in lower than the guiding given at the beginning of the year at 885 kbbl as the actual production efficiency ended at 80% versus planned 88%. The reduced efficiency is explained by the unexpected subsea oil leak at the Balder C-site in Q1-2022, the Balder A-site shut-in from December 2021 to November 2022, and subsea operations during Q4-2022 connecting the Balder–Ringhorne gas lift line to the Jotun subsea system.

In addition, the operator experienced drilling challenges related to the Ringhorne phase III infill campaign with only one new well coming onstream during 2022 and lower production from the drilled Ringhorne wells. In December, one Ringhorne East producer was shut-in due to integrity issues.

From early February 2023, the Operator, Vår Energi ASA, temporarily reduced the production from the Balder field. Initial estimates assume a net reduction for Mime of up to 900 bbl/d. This is a precautionary measure following a potential integrity concern associated with a riser identified through the Operator's monitoring systems. Ongoing inspection and analysis will determine when production can be resumed. The riser was scheduled to be changed during 2023. Mime assumes the field to be back at normal production levels in September 2023 following installation of a new riser, but acceleration measures are being evaluated. There is no impact on the reserves and the deferred volume is expected to be produced by year end 2026.

The production guidance for full year 2023 stands at 743 kbbl net to Mime. The guiding incorporates the temporarily reduced production from the Balder following the shut-in of the riser. Furthermore, three new wells from the Ringhorne infill campaign are assumed onstream during 2023.

There are multiple ongoing development projects in the licenses as well as the operations and the production from existing wells via the Ringhorne platform and the Balder FPU. The main development project is the Balder X project that enables further development in the Balder and Ringhorne area and consists of the sub-projects Balder Future and Ringhorne Phase IV. Additionally, Ringhorne phase III infill drilling from the newly upgraded Ringhorne platform has continued during 2022 together with maturing drilling targets that can come onstream after the Balder Future project is finalized.

The revised Plan for Development and Operation (PDO) for the Balder/Ringhorne field, covering the Balder Future project, was approved by the Ministry of Petroleum and Energy (MPE) in June 2020. The Balder Future project includes refurbishment and relocation of the Jotun FPSO, new subsea production systems, 14 new production wells and one new water injection well. The project will extend the lifetime of the Balder area beyond 2045. The 14 new Balder Future wells are estimated to add about 9 mmboe in reserves (net to Mime), and the extended field lifetime increases the reserves from existing wells as these may produce until the 2040s. The FPSO will be located between the Ringhorne platform and Balder FPU, to accommodate the tie-ins of the new Balder Future subsea production wells, and future additional well targets under maturation for sanctioning.

The Operator estimates the total development cost for Balder Future to be NOK 38.5 billion (100% nominal). This represents an increase of NOK 18.5 billion (100% nominal) compared to the PDO estimate at NOK 20 billion (100% nominal), mainly related to the refurbishment and lifetime extension of the Jotun FPSO.

The Jotun FPSO was shut-in and disconnected from the fields in March 2020 and dry-docked at the Rosenberg/Worley yard in Stavanger. During 2022, continued delays in the engineering work related to the refurbishment and lifetime extension of the FPSO vessel have materialized. The condition of the vessel cargo- and ballast tanks have caused more surface protection work than originally planned. Challenging market conditions post Covid19, and the geopolitical unrest have negatively impacted the topside project execution with refurbishment of the process and utility systems.

Production via Jotun FPSO was originally planned to start in the second half of 2022 in the PDO, however, due to the negative impacts from Covid-19 on equipment deliveries and work force availability, continued engineering, and market challenges, it was decided to delay the project schedule. The operator currently assumes sail-away in Q1 2024, followed by offshore installation and riser hook-up and production start in Q3 2024. Challenges remain in the project, hence Mime Petroleum currently forecast Q4 2024 as most likely start-up (first oil).

The offshore campaigns covering installation of the new subsea systems commenced in 2020. Installation campaigns have continued during 2022 and the gas export subsea structure, spool installations connecting Jotun to Ringhorne and the water injection satellite have successfully been installed. There is one remaining umbilical to be installed in 2023. Rock dumping, flooding, testing, and diving services were conducted according to plan in 2022.

The Balder Future drilling campaign started in August 2021 and the West Phoenix rig has continuously conducted drilling operations. Due to poor weather conditions during winter season 2021-22, it was decided to limit the drilling of reservoir sections to seasonal calm weather periods. Batch drilling of top-hole sections and well paths prior to entering reservoir sections have proven beneficial. The West Phoenix rig received DNV permit for operations under extended hydrodynamic motions and loads which will further enhance drilling efficiency,

The operator has continuous focus on mitigating the project execution risks and effects, such as challenging weather impacts on drilling operations, late deliveries impacting installation sequences, and effects of challenging market conditions regarding availability of equipment, material, and personnel.

The Balder Future remains a profitable project and a vital part for extracting the additional volume potential from the Balder area. The oil and gas discovery in King-Prince in the Balder license may be developed via the Jotun FPSO subsea system or in a larger area context pending appraisals and further exploration successes. This will further enhance the profitability of Balder Future.

In March 2021, the Petroleum Safety Authorities (PSA) gave consent for continued use of the Balder FPU until 2030. During 2022, the Balder FPU has served the Balder and Ringhorne fields according to plan, while riser integrity and incidents have caused downtime for the subsea sites underneath the Balder vessel.

The Ringhorne phase III drilling campaign sanctioned in 2017 has continued during 2022 but has experienced unforeseen wellbore challenges. The well FA injectite, utilizing Ringhorne slot C-08, was completed in January 2022. Two more production wells (H1 and FA8) were planned to come onstream during 2022, but the operator failed to complete these wells during 2022 due to wellbore challenges and drilling issues. In addition to drilling FA8 and H1, drilling of a water injector well C-15 and workovers in existing wells C-06, C-07 and C-17 have been conducted in 2022. The FA8 is planned to be finalized during spring 2023, while H1 is moved to 2025. After finalizing the FA8 well, the Ringhorne drilling program will continue with five additional wells in the Ringhorne phase IV project.

Mime's unaudited internal 2P reserves estimate is 26 mboe per December 31, 2022. Reserves related to the seven remaining Ringhorne wells are written down by 2.5 mbbl after revised subsurface assessment. Mime has included Balder phase V as 2P reserves per December 31, 2022.

The Operator and Mime Petroleum will further analyze the subsurface potential in both King and Prince and mature potential upsides in both for appraisal.

During 2022, Mime has not experienced any disruptive effects of the Covid-19 pandemic to the operations.

Except for the operations at the Balder and Ringhorne, the Company is currently not directly involved in any offshore activities.

Key financial figures 2022

Operating revenue for the year amounted to NOK 629 million (2021: NOK 362.7 million), whereas the operating loss for the year amounted to NOK 679 million (2021: operating loss of NOK 21.4 million). Average net production was 1 854 barrels of oil per day (2021: 2 160 boe/day), and the average realized oil price net of hedging was USD 90.31/bbl (2021: USD 65.75/bbl).

Net financial costs of NOK 401 million relates to interest expenses on the long-term bond debt, accretion expenses (ARO) and a net unrealized currency loss on long term debt (2021: net financial expenses of NOK 148.4 million incl expensed financial costs related to unwinding of financial instruments and to the refinancing executed in November 2021).

The Company's tax income for 2022 was NOK 193 million (2021: tax income of NOK 196.2 million).

Net loss after taxes for the period amounted to NOK 888 million (2021: net profit of NOK 26.3 million).

On December 31, 2022, total assets amounted to NOK 5 311 million (2021: NOK 5 323 million). Hereof, the total investments in Balder Unit and Ringhorne Øst Unit amounted to NOK 3 936 million (2021: 3 718 million). Cash and cash equivalents amounted to NOK 242 million (2021: NOK 783 million).

The Company has performed an impairment test based on the underlying conditions that existed December 31, 2022. Several external and internal indicators have impacted the value in use of the assets. At the end of Q4 2022 there have been significant changes to the future costs, the estimated production forecast and the reserves compared to the YE2021 evaluation.

In September 2022, the operator, Vår Energi ASA, provided an update on the Balder X development, which includes the ongoing Balder Future project and Ringhorne phase IV drilling, identifying additional gross investment requirements of USD 1.2 billion (NOK 11.5 billion), bringing the total estimated gross project cost to USD 4.3 billion (NOK 40.7 billion). First oil from Balder Future is now expected in the third quarter of 2024, compared to previously late in 2023 (all figures 100%). However, Mime sees additional risks to complete the project timely following the progress during Q4-2022 and consequently Mime assumes first oil in Q4-2024.

There are uncertainties concerning the volumes, costs and schedule related to the development and production of the 2C resource base versus the YE2021 evaluation. Maturation of 2C volumes is ongoing as part of a wider Balder Area development with a DG2 timeline in 2025.

The impairment test shows that the post-tax NPV8 for Balder JV does not exceed the book value. As a result, an impairment charge of NOK 744.6 million related to Balder JV has been recognized as of December 31, 2022. No impairment is currently required for Ringhorne Øst Unit.

Net cash flow for 2022 was negative with NOK 541 million (2021: positive with NOK 570 million). Total cash flow from operational activities amounted to NOK 639 million in 2022 (2021: NOK 834 million), mainly due to refund of tax losses during the year. Cash flow used for investment activities amounted to NOK 1 182 million (2021: NOK 1 367 million). Investments in 2022 are driven by capital expenditure related to the Balder Future project. Cash outflow related to financing activities amounted to NOK 231 million mainly related to interest costs (2021: NOK 1 103 million, including net proceeds from borrowings of NOK 1 204 million). A detailed cash flow statement is included in the financial statements.

Bluewater Energy LLP has together with founders and employees invested USD 136 million of equity in Mime Petroleum to date.

On December 31, 2022, the Company's long term interest-bearing debt amounted to NOK 2 144 million (incl unrealized revaluation loss of NOK 233 million). The applicable financial covenant for the Company's debt was within the applicable threshold at year end. The equity ratio was 7% as of December 31, 2022 (December 31, 2021: 24%).

Strategic review process and financial restructuring

Delays and cost overruns at the Balder Future project, combined with delayed production from new Ringhorne wells, have challenged Mime's financial position. In September 2022, the Company initiated a strategic review process, to explore the possibilities for a strategic sale and/or entering into potential business combinations with other companies. During Q4 2022 and Q1 2023, the Company continued the process of reviewing strategic alternatives for the business. The objective has been to either merge with other companies, sell the shares in Mime Petroleum AS and/or alternatively introduce an investor to inject equity into the business. In parallel, the Company was facing an immediate capital requirement in March 2023 and that negative equity would build up over the coming years if no remedies were made. Further, the Company anticipated that it would not be possible to repay the MIME02 bonds at maturity in 2026 based on the current best estimates for the Balder and Ringhorne project and forward oil prices, absent a refinancing solution.

The Company conducted a comprehensive search for additional financing, including financing secured with tax refund claims, which proved to be impossible under the circumstances. In order to ensure a going concern, the Company entered into discussions with an ad hoc committee ("AHC") representing more than 2/3 of the bondholders in the MIME02 bonds, with the purpose of agreeing a long-term solution financing solution to address the going concern issues and the immediate capital need arising end Q1 2023.

In parallel with the discussion on long-term financing with the AHC, certain offers were received including cash offers from third-party purchasers for the purchase of the entire share capital of the Company. Following careful consideration, both Mime and the majority of the bondholders in the MIME02 bonds expressed willingness to support such a transaction on the terms proposed by one of the potential purchasers. However, the largest shareholder of Mime Petroleum AS ultimately did not consent to the proposed transaction on the offered terms. The strategic review process is expected to continue for some time.

The AHC decided to provide additional financing through issuance of Super Senior bonds, which was deemed to be the only viable source of financing to the Company given the time frame. The Super Senior Bonds were issued on March 17, 2023, with an initial amount of 120 MUSD, and with a maximum limit of 180 MUSD. At the disbursement of the proceeds from the Super Senior Bonds, 45 MUSD of the outstanding bonds under MIME02 were converted into subordinated hybrid bonds without any enforcement rights. In addition, as part of the agreement, certain warrants will be issued to the bondholders and the subscribers for the Super Senior Bonds. The maturity date for MIME02 bonds is extended by one year, to November 2027. Further, the financial covenants related to MIME02 have been waived and suspended from March 2, 2023, until the Super Senior bond discharge date.

The Board of Directors believe that the financial statements give a true picture of Mime Petroleum AS's assets and liabilities, financial position, and results. Section 3-4 of the Private Limited Liability Companies Act requires that companies at all times must have sufficiently sound equity and adequate liquidity. The Board of Directors do not know of any other important matters regarding the Company's financial statement and affairs that are not reflected in the profit and loss and balance sheet statements. Based on the completed financial restructuring process, including the issuance of the Super Senior bonds and the conversion of USD 45 million of the MIME02 bonds to a hybrid instrument which will be regarded as equity for accounting purposes, the Board of Directors concludes that there is sufficient basis for going concern.

The Board of Directors propose that the net loss is allocated to retained earnings/uncovered loss.

Risk factors and risk management

Mime Petroleum is subject to various controllable and uncontrollable risks, associated with the oil and gas industry and operations. The Company's main approaches to risk management are based on the understanding and analysis of the actual risks, focusing on identifying, preventing, and effectively mitigating potential adverse effects of such risks.

The internal control procedures and systems reflect the Company's core values, ethical guidelines and social responsibility policy.

The Board is responsible for overseeing the implementation of the risk strategies, by making sure that the framework is in line with industry standards, such that adequate systems and procedures are in place to address these risks. A review of the risks and system is conducted on a regular basis by management and the Board of Directors.

Operational and project risk

The Board recognizes the risks associated with the operation of the Company's assets. The regulation of activities on the NCS provides a sound framework for handling these risks, and the Company takes an active and responsible approach as a partner. However, drilling, development, production, and decommissioning activities will never be completely risk-free. Projects are associated with risks relating to delays and cost exposure. Ongoing development projects involve multidiscipline engineering, extensive procurement activities, manufacturing and construction work to be carried out under various contract packages at different locations onshore. The magnitude of such development projects makes them sensitive to circumstances that may affect the planned progress or sequence of the various activities.

The Balder Future project has experienced significant delays and cost overrun. The latest update shows a cost over-run in excess of 90% compared to the estimated project cost in the PDO. On February 16, 2023, Mime Petroleum evaluates the remaining activities to be challenging, especially regarding the FPSO being on critical path. Consequently, Mime Petroleum currently foresees production starting in Q4 2024 versus Operator's Q3 2024.

Although the Company believes that the development projects will be completed according to the updated schedules, the current or future projected target dates for production or cessation may be delayed and cost overruns may incur. Estimated license costs are subject to many assumptions that may not prove to be correct. Any inability to explore, appraise, develop, or decommission petroleum operations or incorrect assumptions regarding license costs may have an adverse effect on the

Company's growth ambitions, future business and revenue, operating results, financial condition, and cash flow.

Further, there are risks related to the integrity of the Company's assets, risks associated with the reported reserves and resources, and risks associated with third-party contractors or operators, as the Company's assets are non-operated. Costs and scheduling of development projects or exploration efforts are also uncertain. As a result of these risks, the Company may incur costs that could adversely affect the Company's financial position or its reputation as a player on the NCS.

The Company aims at being a prudent, responsible, and technically competent partner across the whole spectrum of activities in its operations. Mime Petroleum works actively together with operators and has established mitigating actions to reduce the possibility of operational incidents occurring. In addition, the Company's emergency response management policy includes contingency plans to minimize the potential impact if an operational incident should occur.

Evaluation of reserves and resources

The Company's reserves are defined as the volume of hydrocarbons that are expected to be produced from known accumulations in production, under development or with development committed in accordance with the Society of Petroleum Engineer's (SPE) Petroleum Resources Management System (PRMS). The unaudited disclosed reserves are based on estimates from the operator of the relevant production licences and the Company's own assessments of the reserves. The reserve and resource figures disclosed have not been audited by an independent third party and there is a risk that third party estimates could differ from those disclosed.

Reserves and resources are by their nature uncertain in respect of the inferred volume range. There is uncertainty in the evaluation of estimates of economically recoverable reserves and related to the ability to bring estimates into actual production. The estimated reserves, resources and cash flows embedded in such evaluations could be reduced to the extent that such activities do not achieve the expected value creation, and such reductions may have a material adverse effect on the company's business, results of operations, cash flows and financial condition.

Many of the factors in respect of which assumptions are made when estimating reserves and resources are beyond the Company's control and therefore these assumptions may prove to be incorrect over time. Moreover, different geoscientists and reservoir engineers may make different estimates of reserves based on the same available data. Also, effects of regulations adopted by governmental agencies, future operating costs, royalties, tax on the extraction of commercial volumes, development costs and work-over and remedial costs represent further variables and assumptions which will further influence the estimation of reserves and resources.

The Company allocates substantial resources to analyzing and understanding its reservoirs and continuously monitors, updates and stress tests its resource models. Further, the Company applies a set of project decision criteria to ensure that assets are as robust as possible before making investment decisions.

Diversification risk

The Company's current production of hydrocarbons comes from one joint field area with integrated use of facilities, infrastructure, and export routes. If mechanical or technical problems, extreme weather events, shutdowns or other events or problems affect the current or future production on any of the Company's fields, it may have a direct and significant impact on the whole or a substantial portion of the Company's production and this may result in material adverse effects for the Company, including on the Company's ability to fulfil its obligations, make new investments and raise further financing. In particular, the facilities on the Company's fields have been producing for several years, increasing the risks related to production and subsequent sensitive cash flow, loosing key wells, infrastructure robustness with regards to harsh environment, metocean conditions, corrosion, wear, technical integrity of critical system, equipment and aging / obsolescence of systems, instruments, equipment and automated (IT) systems.

HSE risk (people, environment, and asset related)

The Company's HSE policy requires that all operations are completed without harm to the people involved, with minimum impact on the environment and without damaging assets.

There are inherent risks embedded in the oil and gas exploration and production activities. These risks are controlled to an acceptable level by a proactive organization and tailor-made risk management system (the ALARP principle). Mime has a robust risk management system to identify, analyze, evaluate, treat, and monitor risks. The system is used for all operations and projects where the Company is participating.

Financial risks

Mime Petroleum is highly focused on active risk management through hedging, liquidity focus and insurance coverage. The Company has insured its pro-rata exposure on the NCS in line with the best industry practices and has offshore insurance programs covering loss of production, physical damage, control of well and third-party liability (non-exhaustive).

The Company is exposed to market fluctuations in commodity prices, foreign exchange rates and interest rates. These fluctuations could impact the Company directly or indirectly as they may influence banks and investors' appetite to lend to, or invest in, the Company. The CFO of the Company is responsible for monitoring, managing, and reporting on the Company's financial risks. The management team and the Board of Directors are involved in the decision making when derivative contracts are entered into.

Risk of changes in taxation and regulations

There is no assurance that future political conditions in Norway will not result in the government adopting different policies for petroleum taxation. In the event of changes to this tax regime, it could lead to new investments being less attractive and challenge further growth of the Company. Furthermore, the amounts of taxes could also change significantly because of new interpretations of the relevant tax laws and regulations or changes to such laws and regulations. In addition, tax authorities could review and question the Company's tax returns leading to additional taxes and tax penalties which could be material. Changes to the petroleum tax act may result in changes that may affect our current and future tax positions, net income after tax and financial condition.

Commodity price risk

Mime Petroleum operates in the crude oil market and will, to a limited extent, operate in the natural gas markets when Balder Future comes onstream. Fluctuations in hydrocarbon commodity prices can consequently influence the Company's revenue. The commodity price risk represents one of the Company's most notable risks going forward. In order to manage the risk related to oil price fluctuations, the Company has established an oil price hedging program. In 2022, the expected production was hedged at an average price of USD 76.6/bbl. For 2023, the Company entered into Brent swap contracts for 16 000 bbl/month in the first six months, with an average price of USD 98.11/bbl. At the time the hedging contracts were placed, the volume represented approx. 80% of the after-tax volume for 2023. The fair market value of Brent swap contracts at December 31, 2022, was positive by USD 1.2 million. In February 2023, all the Brent swap contracts for the period February through June 2023 were sold as part of the revised financing structure. The transaction realized a gain of USD 1.2 million due to the positive mark-to-market value for the Brent swaps. New positions may be entered into going forward. The structure, amount and levels of any further hedging will depend on how the market develops.

The Company has recognized a loss from commodity price hedging in 2022 of NOK 45.6 million, recognized as Other revenue.

Currency risk

Currency risks arise from multi-currency cash flows within the Company. Mime is exposed to foreign currency exchange risk related to its operating and capital expenditures, including financing costs. As revenues are denominated in USD, while investments and operating costs generally accrue in NOK, currency rate fluctuations represent both a direct and an indirect financial risk for the Company. However, the Company's net currency exposure was estimated to be approx. neutral following the temporary tax changes as the Company has been receiving NOK denominated tax refunds every second month until June 2022. As a consequence, the Company did not have any foreign exchange contracts at December 31, 2022. New positions may be entered into going forward as the tax refund schedule is changed from bi-monthly to an annual tax refund scheme with tax refund in Q4 the year after the relevant tax year.

Interest rate risk

The interest rate for the USD 225 million bonds (MIME02) is fixed at 10.25%, whereas the Super Senior USD 120 million bonds issued in March 2023, carries a fixed rate at 13%. Currently, the Company does not have any borrowings issued with floating interest rate conditions exposing the Company to interest rate risk.

Credit risk

The Company considers its credit risk to be low, as its license partners are creditworthy oil companies and cash, and cash equivalents are receivables from banks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations of financial liabilities when they become due. The Company's future capital requirements depend on several factors. If significant cash flow drivers develop negatively, the Company may need additional funds, debt, or equity, to support the Company's long-term strategy and or to manage short-term liquidity risks. Mime Petroleum carries out short-term (3-12 months) and long-term liquidity forecasts. These forecasts are updated regularly, for various scenarios and form an integrated part of the Company`s management and the Board decision basis.

Following the Covid-19 outbreak and the drop in oil prices during first half of 2020, the Norwegian government established temporary tax measures for companies subject to the Petroleum Tax Act. Tax payments are deferred to later years by allowing companies to claim a refund of the tax value of losses incurred in 2020 and 2021 on an interim basis every second month. A key objective of the temporary measures was to make liquidity available for the industry such that planned activities and projects could continue as planned, as opposed to being cancelled or postponed. During 2022, Mime received NOK 630 million in tax refunds for fiscal year 2021. The temporary tax measures provided a significant contribution to the liquidity.

From fiscal year 2022, the tax value of losses in the special tax basis will be refunded as a yearly payment, payable in December the year after. As of December 31, 2022, the Company has calculated a tax receivable of NOK 838 million.

Following the significant delay and cost overruns in the Balder Future project, Mime needed to initiate a financial restructuring process to ensure sufficient liquidity in the remaining project period. The financial restructuring process was completed in March 2023. The proceeds from the Super Senior bond issued March 17, 2023, ensure sufficient liquidity until Balder Future first oil in H2 2024 and during 2025-27 prior to MIME02 maturity date (November 2027). The financial restructuring thus ensures a going concern and secures liquidity. The liquidity situation is, however, followed closely and reported to the Board of Directors weekly given the significant risk inherent in the ongoing development projects. The cost, schedule and production risk associated with the ongoing Balder Future project and the infill drilling from Ringhorne may impact the financial condition negatively based on the liquidity situation to the Company, the Board of Directors is confident that necessary funds and liquidity are sufficient to fulfill its financial obligations going forward.

Portfolio risk

The Company continues to be an active and responsible partner in driving value in high quality assets on the Norwegian Continental Shelf. As part of this, the Company actively searches for and evaluates opportunities to make value-accretive investments (e.g., through acquisitions, farm-ins, swaps or other).

The Company has pursued field acquisition and M&A opportunities offered in the market in structured processes as well as unsolicited bilateral approaches to companies with attractive fields and portfolios. During the first half of 2022 the main business development and M&A focus has been to secure additional short-term production to address the liquidity situation of the Company. As this initiative did not result in a transaction prior to summer, a strategic review process including a potential sale of the Company was launched in the fall with Jefferies as process advisor. Several bids were received but none of them was judged to be satisfactory or transactable.

Following the unprecedented number of new projects being launched with PDO's in 2022 the Company expects more opportunities in the M&A and BD markets in the coming years. The ongoing consolidation on the NCS is also expected to continue.

External risks

The business environment in which the Company operates can change rapidly. The risks of fluctuations in commodity prices are addressed under financial risks. The Company also faces other external risks that could affect its financial position over time. There can be no assurance that legislation, including tax regulations, will not be changed in a manner that could adversely affect the Company. There is also a potential exposure from the response to climate change and ESG initiatives. The Company aims to develop a portfolio of assets that remains resilient as the government's response to climate change evolves.

2022 was a year that demonstrated how important and valuable energy is to society. The invasion of Ukraine and Russia's weaponization of energy brought a deep crisis to a system already in imbalance. It became apparent that security of supply in Europe rests on reliable access to natural gas. The war has caused significant and widespread business disruption, volatility in international debt and equity markets and disruption to the global economy and continues to impact society and peoples' lives.

There is still significant uncertainty around the breadth and duration of all disruptions related to the invasion, as well as its impact on the global economy. The extent to which the invasion impacts the Company's results will depend on future developments, which are highly uncertain and difficult to predict, including new information which may emerge on an ongoing basis.

Against the backdrop of the energy crisis in Europe oil and gas prices rose to very high levels. Russia has been a key exporter of gas to Europe, and volumes has declined both due to infrastructure breaches, sanctions making it cumbersome to trade, and Russia's reduced export volumes to the rest of the global community. There is still significant uncertainty regarding how the invasion and the following sanctions will impact the access to energy, and the price of oil and gas and other commodities in the coming periods, and the Company's operations and results may be adversely impacted.

IT security and cybersecurity risk

As in all industries, there is potential for cyber intrusion leading to financial loss, information data loss, data privacy infringement and system irregularities. The ongoing war in Ukraine could potentially lead to increased risk of cyberattacks.

The Company is applying IT policies and practices as advised by the external IT service provider. IT– and cybersecurity is a priority at Mime, phishing being an area of repeated training and awareness. No IT- or cyber security breaches were recorded in 2022.

Requirement for continued operation

Pursuant to the § 3-3a in the Norwegian Accounting Act, the Board of Directors have performed an assessment of the Company's cash flows and its financial and liquidity position and confirms that the conditions for continued operations as a going concern are present and that the annual financial statements for 2022 have been prepared on the going concern basis. The Board considers the financial position and the liquidity of the company to be adequate. Cash flow from operations, combined with the total available liquidity, is expected to be sufficient to finance the Company's commitments in 2023.

The Board confirms that the annual accounts represent a true and fair view of the company's financial position and is not aware of any factors that would materially affect the assessment of the Company as of December 31, 2022.

Working environment and staff

Mime Petroleum follows the regulation pursuant to the Norwegian Working environment Act. The working environment and general welfare in Mime Petroleum is considered to be good. No incidents or reporting of work-related accidents, resulting in significant material damage or personal injury, occurred during the year. The sickness absence in 2022 was 0.7% (2021: 0.7%) which is significantly lower than the national average of 4.5 (6.3) percent in Norway. No substantial risks related to the Company working environment are identified.

The turnover in the Company is considered low, where one FTE left the company in 2022 (6,7 %). A company process ensures that each employee is supported in the development of competence and experience. Each employee is essential to the Company's success and deliveries, necessitating a stimulating work environment to attract and keep people with the right skills and attitudes.

Equal opportunities and discrimination

The Company aims to be a workplace with equal opportunities. The policies and procedures include regulations to prevent gender discrimination related to salary, promotion and recruiting. At the end of 2022, the Company had 15 regular employees, of which 4 are women. The Company is committed to being an attractive employer for all groups of prospective employees. Working hour arrangements and salaries within the Company follow from the various positions and are independent of gender.

Health, Safety and Environment

Mime has a zero HSE incident policy. The Company, together with Vår Energi ASA as Operator for the Balder JV and Ringhorne Øst Unit, works actively to ensure safe operations. The safety of individuals, environment and physical assets are an integrated part of the Company's asset management. The Company's HSE&Q activities follow the comprehensive HSE&Q guidelines, risk management and monitoring system run by the field operator. Reporting of air and water emissions is made by the Operator.

Mime has fulfilled its HSE&Q duties (See-to duty) as a participant in the Balder/Ringhorne licenses during the period, conducting verifications independently and jointly with the Operator.

For Mime joint venture activities (Balder Unit offshore operations and Balder Future project), Mime experienced no major accidents. The Balder C-site incident in Q1 2022 that led to the release of 16.1 m^3 oil and 24 758 Sm^3 gas was categorized as a Tier 1 incident by the Operator. For the combined activities at Balder Unit, a total of eleven incidents were defined as serious. The frequency of Total Recordable Injury[1] (TRIF) was 2.6 for the offshore operations (2021: 2.6). For the Balder Future project, TRIF was 4.3 (2021: 4.8). By comparison, the 2022 NCS TRIF average for offshore activities was 5.2 (2021: 4.1).

For Mime Petroleum's corporate activities, no incidents or reporting of work-related accidents or environmental spills, resulting in significant damage or personal injury, occurred during the year.

The Company's activities in 2022 have not adversely affected the environment.

Mime Petroleum is fully committed to a fair and sustainable future. The Company's policy states commitments within the areas of environment, social and governance. Mime acknowledges the negative impact of our activities on the environment with respect to the emissions of greenhouse gases to air, emitted as part of the crude oil production process. Mime is committed to the emissions targets from production on the NCS announced by NOROG: 50% reduction by 2030, 70% reduction by 2040, and net zero by 2050 (ref. compared to 2005 level).

In 2022, the average CO_2 emission intensity (preliminary estimate) from Mime's non-operated assets was 22.7 kg/boe (2021: 17.7 kg/boe). Based on the forecasted long-term production from the Ringhorne and Balder units, the CO_2 emission intensity will come down over time and be at par or better than the NCS average of 7.5 kg/boe[1] (representing FY2020) in 2025.

[1] Offshore Norge Environmental Report 2022 (for FY2021)

Mime Petroleum actively evaluates the CO_2 emission footprint as an integrated part of our activities and policies. This principle is reflected in decision making related to potential acquisitions (M&A) and is also included as part of ongoing operational and project decisions.

Social responsibility and supply chain management

Mime Petroleum is subject to the Transparency Act. The Act shall promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions. The Act sets out an obligation for Mime Petroleum to conduct due diligence of its supply chain (Nw: Aktsomhetsvurderinger). The due diligence shall be risk based and proportionate and shall comprise Mime's potential high-risk suppliers. Mime Petroleum's due diligence can be summarized as follows:

As preserved in Mime Petroleum's ESG Policy, Mime Petroleum is committed to respect the Bill of Human Rights and the ILO conventions, including setting respectable labour standards and decent work for woman and men. This includes living wages in Mime Petroleum associated operations and no acceptance of child labour or indecent labour conditions. Social sustainability and the respect for human rights is anchored at the top of Mime Petroleum's organisation and at the Board level. Further, Mime Petroleum has implemented a separate Supplier Due Diligence process that outlines a suitable work process ensuring Mime Petroleum 's adherence to the Transparency act. The process includes inter alia background check of suppliers and negotiating human rights contract clauses in agreements with suppliers that may entail an inherent exposure to human rights breaches.

Mime Petroleum has conducted an updated risk assessment of its supply chain. Based on the risk assessment, Mime Petroleum cannot see that it has contracted any suppliers that directly or indirectly entail a high risk for human rights breaches. Going forward, the Supplier Due Diligence process will be used as a tool to identify human rights risk factors associated with new suppliers.

Vår Energi as Operator of Balder Unit and Ringhorne Øst Unit, conducts sourcing to the field operations on behalf of the licensees, including Mime Petroleum. Vår Energi is also subject to the Transparency Act. Mime Petroleum works closely with Vår Energi on HSEQ matters (Health, Safety, Environment, Quality). Mime's HSEQ activities follow the comprehensive HSEQ guidelines and monitoring system run by Vår Energi, and also include sustainability aspects.

Research and development

Through the license participation in the Balder Unit and Ringhorne Øst Unit, the Company contributes to research and development (R&D) in accordance with the license participating agreement.

Anti-corruption and bribery

Mime Petroleum has a zero tolerance for bribery and corruption. This is not only a cultural commitment to the Company, but also a moral issue and a legal requirement. The Company Policies for "Anti-Bribery and Corruption" and "Business Code of Conduct" are held in high regard by the Company. All employees and in-house consultants are required to sign the Policies. It is the responsibility of each signatory to comply with both the letter and intent of these Policies. The Mime Petroleum Business Code of Conduct is the road map that puts values into action and ensures continued success and safeguards the Company's reputation. It is the guidepost for acting responsibly and with integrity, respecting the laws and regulations, traditions, and cultures of the country in which we operate.

Mime Petroleum welcomes and encourages reporting of any concerns about Company activities or practices, including those of contract staff and industrial partners which are, or appear to be, in breach of the Code. For breaches or violations of the Policies, reporting lines are well described in Company procedures. No reports on Policy breaches or violations were made in 2022.

With respect to risk of corruption and bribery, all of the Company's contractors, service providers and vendors are reputable, and most are Norway-based companies.

Payments to governments

According to the Norwegian Accounting Act section 3-3d pertaining to companies in the extractive industry, the Company is required to disclose payments to governments per country and project annually. Mime Petroleum has had the following payments to the Norwegian authorities in 2022:

- Area fee per license paid by operators to Norwegian Petroleum Directorate authorities on behalf of the joint ventures (the Company's net share figures):
  2022: NOK 644 504 (2021: NOK 883 918)

- Tax payments made to Norwegian authorities NOK 1 330 312 (2021: 9 642 241).

Corporate governance

The foundation of good corporate governance is rooted in a sound company culture supported by adequate operational and financial control systems. The Board of Directors recognizes and sponsors implementing efficient and effective governance to ensure long-term benefits for all the Company's stakeholders.

A Directors' and Officers' Liability Insurance is in place for the Board of Directors and the CEO to cover legal liabilities based on their past, present and future actions, and omissions, including defense and legal costs. The cover also includes employees in managerial positions or employees who become named in a claim or investigation.

Future challenges and outlook

The past year have been one of seemingly good fortune for oil and gas companies in general. Price increases spurred higher by geopolitical factors and fundamentally reflecting stronger global economic activity.

The medium-term outlook remains uncertain. Natural gas prices increased to 2-3 times oil price parity during 2022 but are now back to parity, still high in an historical perspective. Security of supply is back on the agenda for most European importing countries positioning themselves for alternative supply as Russian gas is almost wiped out of the market. However, the questions about climate change and future demand requirements still prevail and create uncertainty for gas investments.

A confluence of economic, geopolitical, trade, policy, and financial factors have exacerbated the issue of underinvestment and triggered a readjustment in the broader energy market. As a result, all three components of a balanced energy equation—energy security, supply diversification, and low-carbon transition—are now facing a "trilemma" of concerns. Although the immediate impact of this imbalance is high energy prices and record cash flows for oil and gas companies, how and where the industry will invest in the future remains uncertain. Geopolitical developments call for a balanced energy transition. More investments in energy production and infrastructure are needed to reduce the cost of energy, and security of supply and de-carbonization of the sector will be required. Enabling such a transition calls for longevity and stability of frame conditions.

According to the International Energy Agency (IEA), global oil demand is set to rise by 1.9 mbbls/d in 2023, to a record high 101.7 mbbls/d. World oil supply growth in 2023 is set to slow to 1 mbbls/d following last year's OPEC+ led growth of 4.7 mbbls/d. An overall non-OPEC+ rise of 1.9 mbbls/d will be tempered by an OPEC+ drop of 870 kbbls/d due to expected declines in Russia.

The long-term impact from these events on the global economy and the oil market is difficult to predict. This may have a significant impact on the amounts recoverable related to Mime's assets as well as the Company's performance over time.

The Balder Future project reported cost increases of NOK 11.2 billion in September 2022, while the increases in the Ringhorne phase IV project were estimated to NOK 0.3 billion. For Balder Future, the Jotun FPSO refurbishment and life extension is the main cause for the increases reported. There are remaining risks regarding timely project execution and additional cost overruns. Productivity at yard and lack of engineering competencies have mainly caused the delay. Operator's remedies against further delay are currently being implemented, however there is still risk regarding project completion according to current plan with first oil in Q3 2024. The FPSO vessel need to have all required systems ready for production and offshore operations, and this remains as the main challenge for the Balder Future project for a start-up in 2024. The completion of the FPSO vessel hence remains the main risk for Mimes production and cash flow going forward and Mime will work diligently with the operator, Vår Energi ASA, to mitigate this risk.

Mime Petroleum operates on the Norwegian Continental Shelf and market its petroleum products to customers in UK. While not directly exposed to Russia's invasion of Ukraine, there is still uncertainty regarding the potential impact on safe and reliable energy supply, potential interruptions of supply chains and third-party services, as well as to the market prices of oil, gas and other commodities which may impact future operations and results.

Mime Petroleum AS remains committed to being an active and responsible partner participating in development of oil and gas resources on the NCS to the benefit of its shareholders, its employees, and the Norwegian society.

Lysaker, April 18, 2023

Sverre Skogen
CEO/Chairman of the Board

Mark S. Dickinson
Board Member

Rune Taule
Board Member

INCOME STATEMENTS

(NOK 1 000)	Note	2022	2021
Sale of crude oil		664 765	432 027
Sale of dry gas		-	-
Other revenue		-35 799	-69 366
Total operating revenue	**2**	**628 967**	**362 661**
Production cost	**3**	-244 967	-194 428
Exploration costs	**3**	-939	-1 347
Changes in inventory and over-/underlift		-18 928	27 403
Decommissioning cost		-35 418	-23 419
Ordinary depreciation	**9**	-190 391	-120 777
Impairment	**9**	-744 617	-
Employee benefit expenses	**4**	-41 625	-42 706
Other operating and administrative expenses	**5**	-31 511	-28 825
Total operating expense		**-1 308 396**	**-384 099**
Profit / (loss) from operating activities		**-679 429**	**-21 438**
Interest income		7 248	275
Interest expenses		-233 330	-70 994
Net foreign exchange gain/ (loss)		-130 520	-28 787
Net other financial income / (expenses)		-44 417	-48 920
Net financial items	**6**	**-401 018**	**-148 426**
Profit / (loss) before income tax		**-1 080 448**	**-169 864**
Income tax	**7**	192 721	196 179
Net profit / (loss)		**-887 726**	**26 315**

Allocation of net profit / (loss):			
Retained earnings			**26 315**
Uncovered loss		**-887 726**	

BALANCE SHEETS

(NOK 1 000)	Note	31.12.2022	31.12.2021
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Capitalized exploration wells		66 237	59 782
Other intangible assets		5 352	8 393
Total intangible fixed assets	**8**	**71 589**	**68 174**
Tangible fixed assets			
Production facilities		3 935 743	3 717 623
Other property, plant and equipment		374	336
Total tangible fixed assets	**9**	**3 936 117**	**3 717 959**
Financial fixed assets			
Other financial assets		14 477	11 795
Total financial fixed assets		**14 477**	**11 795**
TOTAL FIXED ASSETS		**4 022 183**	**3 797 929**
Current assets			
Inventory and underlift		13 361	26 145
Trade and other receivables	**10**	91 543	43 716
Tax receivable	**7**	837 720	596 557
Other current assets	**11**	103 835	85 321
Cash and cash equivalents	**12**	241 981	783 220
TOTAL CURRENT ASSETS		**1 288 439**	**1 534 959**
TOTAL ASSETS		**5 310 622**	**5 332 888**

(NOK 1 000)		31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital		11 917	11 917
Share premium		1 179 748	1 179 748
Total paid-in capital		**1 191 665**	**1 191 665**
Retained earnings/(uncovered loss)		-805 653	**82 074**
TOTAL EQUITY	**13**	**386 012**	**1 273 739**
Non-current liabilities			
Deferred tax liability	**7**	1 969 274	1 326 446
Interest bearing loans and borrowings	**14**	2 143 786	1 895 710
Other long term liabilities		4 172	3 536
Asset retirement obligation	**15**	573 408	569 741
TOTAL NON CURRENT LIABILITIES		**4 690 641**	**3 795 434**
Current liabilities			
Trade payables	**4**	59 728	49 639
Public duties payable		6 408	7 635
Tax payable		-	1 330
Other current liabilities and overlift	**4**	167 833	205 110
TOTAL CURRENT LIABILITIES		**233 969**	**263 715**
TOTAL LIABILITIES		**4 924 610**	**4 059 148**
TOTAL EQUITY AND LIABILITIES		**5 310 622**	**5 332 888**

Lysaker, April 18, 2023

Sverre Skogen
CEO/Chairman of the Board

Mark S. Dickinson
Board Member

Rune Taule
Board Member

STATEMENTS OF CHANGES IN EQUITY

(NOK 1 000)	Share capital	Other paid-in capital	Total paid-in capital	Retained earnings	Total equity
Equity at 1 January 2021	**11 321**	**1 120 743**	**1 132 063**	**55 758**	**1 187 822**
Net profit / loss (-) for the year 2021				26 315	**26 315**
Shares issued in 2021	596	59 005	**59 602**		**59 602**
Equity at December 31, 2021	**11 917**	**1 179 748**	**1 191 665**	**82 073**	**1 273 738**
Equity at 1 January 2022	**11 917**	**1 179 748**	**1 191 665**	**82 073**	**1 273 738**
Net profit / loss (-) for the year 2022				-887 726	**-887 726**
Equity at December 31, 2022	**11 917**	**1 179 748**	**1 191 665**	**-805 653**	**386 012**

STATEMENTS OF CASH FLOW

(NOK 1 000)	Note	31.12.2022	2021
Cash flows from operating activities			
Profit / loss (-) before income tax		-1 080 448	-169 864
Adjustments:			
Income tax received	**7**	593 055	675 238
Depreciation, depletion and amortization	**9**	190 391	120 777
Impairment	**9**	744 617	-
Interest and fees on borrowings	**6**	229 752	89 335
Accretion expense	**15**	43 035	43 354
Change in trade and other receivables		-73 256	19 504
Change in trade and other payables		-7 798	55 356
Net cash flows from / used in (-) operating activities		**639 349**	**833 701**
Cash flows from investing activities			
Investment in oil and gas assets	**9**	-1 174 688	-1 310 180
Investment in exploration and evaluation assets	**9**	-6 456	-55 389
Other investments		-1 174	-1 340
Net cash flows from / used in (-) investing activities		**-1 182 318**	**-1 366 909**
Cash flows from financing activities			
Proceeds from borrowings		-	1 203 619
Interest and fees on borrowings	**6 / 15**	-229 878	-184 955
Loans to shareholder		-1 368	-1 298
Proceeds from share issues		-	59 602
Urealized FX effects long term debt	**6**	232 976	25 993
Net cash flows from / used in (-) financing activities		**1 730**	**1 102 961**
Net increase/ decrease (-) in cash and cash equivalents		**-541 239**	**569 752**
Cash and cash equivalents at the beginning of period	**12**	783 221	213 467
Cash and cash equivalents at the end of the period		**241 981**	**783 220**

NOTES TO THE FINANCIAL STATEMENTS

General information

Mime Petroleum AS is a private limited company incorporated and domiciled in Norway, with its main office in Bærum. The Company's address is Strandveien 50, 1366 Lysaker. The company was incorporated on May 3, 2017.

Mime Petroleum AS is a private oil and gas company focused on hydrocarbon development and production on the Norwegian Continental shelf (NCS).

Summary of significant accounting policies

Basis for preparation

The financial statement for 2022 have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway (NGAAP).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

The financial statements have been prepared under the assumption of going concern and on a historical cost basis, with some exceptions as detailed in the accounting policies set out below.

The Financial Statements of Mime Petroleum AS were approved by the board of directors and CEO on April 20, 2023.

Business segments

The Company's only business segment is development and production of oil and gas on the Norwegian Continental Shelf. Based on this no segment note is presented and this is in accordance with management's reporting.

Foreign currency

The functional currency of the Company is Norwegian Kroner (NOK). Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary assets and liabilities denominated in other currencies than NOK are translated into NOK using the exchange rate applicable on the balance sheet date. Exchange gains and losses are recognized as financial items in the income statement. Non-monetary assets that are measured at historical cost are translated using the exchange rate at the dates of the transactions. Equity transactions are translated at the exchange rate on the transaction date.

As of December 31, 2022, the relevant exchange rate for NOK/EUR 10,5135, NOK/USD 9.9573 and NOK/GBP 11.8541 (31.12.2021: NOK/EUR 9.9888, NOK/USD 8.5326 and NOK/GBP 11.8875).

Interests in oil and gas licenses

The Company's interests in oil and gas licenses on the Norwegian Continental Shelf are recognized by including the Company's share of the joint ventures' assets, liabilities, income, and expenses on a line-by-line basis with similar items in the Company's financial statements.

Business Combinations

Determining whether an acquisition meets the definition of a business combination requires judgment to be applied on a case-by-case basis.

Business combinations are accounted for by using the acquisition method. Identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of the transaction. The acquisition date is the date on which the acquirer achieves control over the acquire/business and is set to be the completion date.

The valuation is based on currently available information on fair values at the acquisition date. Calculation of fair value has been obtained by discounting cash flows from future operations to get to the net present value. If new information becomes available within 12 months from the acquisition date, the Company may change the fair value assessment in the purchase price allocation.

Transfer of interests in petroleum licenses on the NCS require approval from the Ministry of Petroleum and Energy (MPE) and the Ministry of Finance (MOF). Under such transactions the sale and purchase price are generally considered to be post tax as the consideration is not taxable for the seller and not deductible for the buyer. Thus, business combinations are accounted for after tax in accordance with section 10 in the Norwegian Petroleum Tax Act. Technical goodwill and deferred taxes are consequently not recognized.

Upstream activities in the production phase will typically represent a business, whereas those at the exploration stage will typically represent an asset purchase. Projects that are at the development stage will require consideration of the stage of development and other relevant factors.

Use of estimates

The preparation of financial statements in accordance with the Norwegian Accounting Act and NGAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Financial statements are based on available information at the time of finalizing the annual accounts. Actual results/outcome may differ from the estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. The effect of changes in accounting estimates is recognized in the same period as the estimates are changed.

Key areas where judgment, estimates and assumptions have been applied:

- Acquisition of interests in joint ventures – fair value measurement

Acquisition accounting is subject to substantive judgment by the management.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. The fair value of oil fields in production and development phase is normally based on discounted cash flow models, where the determination of inputs to the model may require significant judgment, as described in the section below regarding impairment.

- Oil and gas reserves and resources

Oil and gas reserves and resources have been estimated on the basis of industry standards. The estimates are based on internal information and information received from the operator. Proven and probable oil and gas reserves consist of the estimated quantities of crude oil, natural gas and condensates shown by geological and technical data to be recoverable with reasonable certainty from known reservoirs under existing economic and operational conditions, i.e. on the date that the estimates are prepared. Current market prices are used in the estimates, except for existing contractual future price changes.

Reserves are used to calculate the depreciation of oil and gas fields by applying the unit-of production methodology. These estimates are also used as basis for impairment testing of license-related assets. Changes in petroleum prices and cost estimates may change reserve estimates and accordingly economic cut-off, which may impact the timing of assumed decommissioning and removal activities. Reserve estimates can also change over time due to revised and updated production and reservoir information. Future changes in oil and gas reserves can have a material effect on depreciation, life of field, impairment of license-related assets, and operating results.

- Provisions for future decommissioning and removal expenditures

The Company has obligations to decommission and remove offshore installations at the end of the production period. Estimating the costs of decommissioning/removal activities are challenging and relevant risks and uncertainties as well as potential changes to technology and regulations need to be considered. Most of the removal activities are expected to take place many years into the future and removal technology and costs are constantly changing. As a result, estimating decommissioning obligations involves significant judgment.

Estimates used in establishing a provision for future decommissioning and removal expenditures are based on current legal and constructive requirements as well as current technology and price levels for removal of facilities and plugging and abandonment of wells. As a result, the initial recognition of the liability and the capitalized cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgement.

- Income taxes

The Company is mainly subject to income taxes under the Norwegian Petroleum Tax jurisdiction. Judgment is required in determining the provision for income taxes. During the ordinary course of business, transactions and calculations occur for which the ultimate tax effect is uncertain. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. In cases where the final outcome of such issues differs from the amounts initially recognized the differences are recognized in the income tax and deferred tax provisions in the period when the final tax assessment has been resolved.

The accounting of deferred income tax assets relies upon the management's judgment of the Company's ability to generate future positive taxable income in each respective jurisdiction.

- Impairment of production and processing facilities

For the purpose of determining a provision for impairment, the estimated recoverable amount, based on a discounted cash flow (DCF) analysis, is based on estimated future performance of operations, discounted at an appropriate discount rate. Key assumptions relate to prices and estimated future costs, based on forward curves and long-term corporate assumptions, as well as expected production volumes.

The underlying assumptions and the judgment of management based on these are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates, and the discount rate applied is reviewed throughout the year.

Measurement and classification of assets and liabilities

Current assets and current liabilities consist of receivables and payables due within one year, items related to the inventory cycle and assets not determined for permanent ownership and use. Other balance sheet items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value at the time of the transaction.

Fixed assets are recognized at historic cost less depreciation and any impairment losses. Long-term liabilities are recognized at nominal value.

Revenue recognition

Revenues associated with the sale and transportation of petroleum products are recognized when the risk passes to the customer, which normally is when title passes at the point of delivery of the goods, based on contractual terms of the agreements. For crude oil the point of delivery is at the offshore loading point or at shipment from a terminal. The point of delivery for gas is at the gas receiving terminal onshore.

Revenues from oil and gas licenses, in which the Company is a partner, are recognized on the basis of volumes lifted and sold to customers during the period. Lifting or offtake arrangements for oil and gas produced in the Company's jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. When the Company has lifted and sold more than the ownership interest, an accrual is recognized for the production cost of the overlift. When the Company has lifted and sold less than the ownership interest, costs are deferred for the underlift.

Other revenue is recorded at the time of delivery.

Exploration and R&D costs

Exploration costs are accounted for in accordance with the Successful Efforts method (SE). Exploration costs will for example include costs for topographical and geophysical studies (G&G), costs related to undeveloped areas, cost of drilling exploration/exploration appraisal wells and evaluation costs. Under the SE method, all costs associated with the exploration of licenses/exploration wells are expensed as incurred, with the exception of drilling and testing costs. Costs related to exploration wells in progress are capitalized as intangible assets pending the evaluation of the potential existence of oil and gas reserves. If reserves are not found, or discoveries are assessed not to be commercially recoverable, the drilling costs are expensed as exploration expenses.

Exploration costs can remain capitalized for more than one year. The main criterion for continued capitalization is that there must be specific plans for future drilling in the license, a development decision is expected in the near future, or the well is pending capacity on existing infrastructure. Other exploration- and R&D costs are expensed as incurred.

Property, plant and equipment

Oil and gas assets

All offshore development costs are capitalized from the time when a discovery is deemed to give future commercial production. Development costs are depreciated in accordance with the unit-of-production (UoP) method, based on the ratio between annual production quantity and the proven and probable reserves. Certain future investments are required to produce the remaining estimated producible reserves, and these future investments are included in the depreciation base. The resulting UoP depreciation charge is estimated to be equal to the depreciation of current investments over the reserves exploitable from the current investments. The reserve basis used for depreciation purposes is updated at least annually. Any changes in the reserves and/or cost estimates that affect the UoP depreciation rates are accounted for prospectively.

Oil and gas assets are tested for impairment if there are indicators of a loss of value. Indications of impairment may be a decline in oil price, change in future investments or changes in reserve estimates. The assessment is carried out at the field or license level (CGU). If the carrying value exceeds the estimated recoverable amount, the asset is written down to the recoverable amount in the event of impairment that is not expected to be of a temporary nature. The recoverable amount is the greater of the net realizable value and value in use. The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. Previous impairment is reversed if the basis for impairment is no longer present.

Costs for ordinary maintenance and repairs are expensed as incurred, whereas costs for improving and upgrading production facilities are added to the acquisition costs and depreciated together with the related asset.

Intangible assets

Costs related to intangible assets are capitalized and depreciated over the anticipated economical lifetime according to the straight-line method.

Furniture, fixture, and office machines

Other assets are depreciated over the anticipated economical lifetime according to the straight-line method.

Leases (as lessee)

Leases, where the company assumes most of the risk and rewards of ownership, is classified as financial leases. The Company does currently not have any such leases.

Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Leasing expenses under operating leases are charged to the income statement as current operating costs when incurred.

The Company has commitments pertaining to its ownership in partner-operated oil and gas fields where the operator has entered into lease agreements for rigs and supply vessels in the license. These commitments are not recognized in the Company's statement of financial position. Please refer to note 19 in the financial statements for further details.

Trade and other receivables

Current receivables are recognized at nominal value, less provisions for expected losses. Provisions for expected losses are based on individual assessments of the different receivables.

Cash and cash equivalents

Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

Cost of equity transactions

Transaction costs directly linked to equity transactions are recognized directly in equity.

Interest bearing debt

All loans and borrowings are initially recognized at transaction price, being the fair value of the consideration received net of costs directly associated to the establishment of the loan or issuance of debt. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Any difference between the consideration received net of transaction costs and the redemption value, is recognized in the income statement over the term of the loan.

Taxes

Income taxes include current tax payables, adjustment of prior years' payable taxes and changes in deferred taxes.

Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. Current tax is tax that is to be paid or received for the year in question and includes adjustments of current tax attributable to previous periods. Deferred income tax is a non-cash charge provided, using the full liability method, on temporary differences and their carrying values. Temporary differences can occur for example where investment expenditure is capitalized for accounting purposes, but the tax deduction is accelerated, or where site restoration costs are provided for in the financial statements but not deductible for tax purposes until they are actually incurred.

Deferred tax assets and liabilities are calculated on basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to exist when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits/or tax increasing temporary differences will be available against which a deferred asset can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that the deferred tax asset can be utilized. Deferred tax assets are recognized as intangible assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Companies engaged in petroleum production and pipeline transportation on the Norwegian Continental Shelf (NCS) are subject to the special provisions of the Petroleum Tax Act (PTA). Taxable profits from activities on The NCS are liable to ordinary corporate tax and a special petroleum tax (SPT). For 2021 the tax rate for general corporate tax was 22% and the special tax rate 56%, giving a combined tax rate of 78%.

On June 17, 2022, the Norwegian Parliament adopted amendments to the PTA to convert the special tax for petroleum activities to a cash flow tax. The revised legislation entails immediate expense of capital expenditures incurred for development of production facilities and pipelines in the special tax base, whereas the 6 year linear depreciation rules are continued in the ordinary tax base.

The amendments were effective January 1, 2022. Since a calculated 22% corporation tax is deductible in the special tax basis, the special tax rate has been increased from 56% to 71.8%[2] from 2022. The overall tax rate is maintained at 78%.

Tax depreciation

For tax purposes, investments in pipelines and offshore production facilities are depreciated straight line over 6 years (16 2/3 percent annually). Tax depreciation commences when the expenses are incurred. When a field stops producing, any remaining tax values may be deducted in that year. Under the new rules effective from January 1, 2022, investments can be immediately deducted in the special tax base, while the ordinary depreciation rules still apply to the corporate tax base.

As a measure to maintain activity in the oil and gas related industry during the Covid-19 pandemic, the Norwegian Government enacted temporary targeted changes to the petroleum tax system for investments incurred in 2020 and 2021, and for new projects with Plan for development and operations (PDOs) or Plan for installation and operations (PIOs) submitted to the Ministry of Oil and Energy by the end of 2022 and approved prior to 1 January 2024. The changes were effective from January 1, 2020, and provided companies with a direct tax deduction in the special petroleum tax basis instead of tax depreciation over six years. In addition, the tax uplift benefit was recognized over one year instead of four years.

[2] (0,56 / (1-0.22)) = 0.718

Uplift

Uplift is a special income deduction in the special tax basis, calculated on the basis of investments in pipelines and offshore production facilities. The uplift is recognized in the year it is deducted in the companies' tax returns and has a similar effect on the tax for the period as a permanent difference. The uplift rate was 5.2% in 2019 over a period of 4 years, totaling 20.8%. Under the temporary tax rules enacted in 2020, the uplift was set to 24% and the uplift could be deducted in the special tax basis in the year of investment. Uplift deductions for investments incurred after January 1, 2022, is discontinued in the revised Petroleum Tax Act. but will apply to investments covered by the temporary changes as approved by the parliament in June 2020 (section 11 in the Petroleum Tax Act). As part of the new tax rules from 2022, the uplift rate for such investments, was adjusted to 17.69% for 2022 as a result of the increased marginal special tax rate (from 56% to 71.8%), and further reduced to 12.4% as from 2023. Unused uplift may be carried forward indefinitely, with an annual interest addition. No deferred tax asset is recognized for uplift that will become deductible in the future.

Financial items

For tax purposes, interest expenses on interest-bearing debt are distributed between onshore and offshore activities. The tax allowance for offshore debt interests in the SPT is calculated as interest expense multiplied by 50% of the ratio between the tax value of the offshore assets (in the SPT basis) and the average interest-bearing debt. The remaining net financial expenses are allocated to the onshore ordinary tax basis. Uncovered losses in the onshore jurisdiction resulting from the distribution of net financial items can be reallocated to the offshore jurisdiction (corporate tax basis only). Only 50% of other losses in the onshore jurisdiction are permitted to be reallocated to the offshore jurisdiction as deductions in the corporate tax basis. The reduced tax value of fixed assets following the immediate expense of capital expenditures will reduce the deduction for financial costs in the special tax base.

Tax losses

The tax value of losses incurred in 2020 and 2021 (in both the ordinary tax base and the special tax base including an uplift of 24%) has been refunded by the state through negative tax instalments during 2020-2022.

As a consequence of the changes in the Petroleum Tax Act effective from January 1, 2022, the cessation refund is no longer applicable. Any tax losses in the special tax scheme will from fiscal 2022 be reimbursed on a yearly basis in connection with the ordinary tax assessment (i.e. tax value of SPT loss originating in 2022 will be refunded in 2023) . As a transitional rule, existing tax losses in both the ordinary and special tax basis as well as unused uplift incurred up to and including fiscal 2019, will also be refunded following the 2022 tax return assessment. Further, companies subject to special tax may, without time limitations, carry forward losses in the corporate tax basis. Deferred tax assets that are based on offshore and onshore tax losses carried forward are therefore normally recognized in full.

The tax position can be transferred on realization of the company or in case of a merger.

Tax rates currently adopted for 2022 are used when calculating deferred tax per December 31, 2022.

Pensions

The Company is required to have a pension scheme in accordance with the Norwegian law ("lov om obligatorisk tjenestepensjon").

The Company has established defined contribution plans for its employees. The contributions are expensed as they are incurred.

Net profit interest

The Norwegian State has large holdings in oil and gas licenses on the Norwegian Continental Shelf (NCS) through the State's Direct Financial Interest (SDFI). The Balder, Ringhorne and Ringhorne Øst fields are subject to an agreement of net profit interest (NPI), as these fields are located in some of the first licenses awarded on the NCS. Petoro, which is a state-owned limited company, manages the SDFI in the Norwegian oil and gas sector.

Calculation of the net profit interest is based on quarterly cash flows. Losses in a quarter can be offset against profits in subsequent quarters. NPI related to abandonment costs incurred after the production has ceased will be refunded by Petoro.

Inventories

Inventories mainly consist of equipment for the drilling of exploration and production wells and are valued at original cost.

Over-/underlift of petroleum

Overlift of petroleum products is valued at production cost, whereas underlift is valued at the lower of production cost and sales value.

Financial instruments

From time to time, the Company makes use of different financial instruments to control the financial risks.

Hedge accounting is applied for hedges that meet the criteria for hedge accounting. Realized gains or losses on hedging instruments are recognized when the underlying transaction is realized and presented on the same line as the underlying transaction in the income statement. Unrealized gains and/or losses on hedging instruments are not recognized in the financial statements on the reporting date. Reference is made to note 18.

Provisions

Provisions are recognized when an obligation arises, legal or constructive, as a result of a past event, and it is more likely than not that an outflow of resources is required to settle the obligation, and a reliable estimate can be made of the amount.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized under interest and other financial expenses in net financial items in the income statement.

Contingent liabilities

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Asset retirement obligations

Annual provisions are made to meet future costs for decommissioning, abandonment and removal of installations. Asset retirement obligations are calculated at net present value in accordance with NRS 13 Contingent Liabilities and Contingent Assets.

Cost is estimated based on current regulations and technology, considering relevant risks and uncertainties.

The net present value of the asset retirement costs is entered in the balance sheet as part of the acquisition cost of the tangible asset and depreciated as part of this. The provision corresponds to the net present value of the asset retirement obligation over the total economic lifetime of the asset. The discount rate used in the calculation of the net present value of the ARO obligation is determined using a risk-free rate and the Company's credit premium adjusted for the relevant time horizon of the underlying cash flows. Changes in the time element (accretion expense) of the ARO are expensed annually as a financial item and increase the asset retirement obligation in the balance sheet. Any changes in cost estimates are recorded as an adjustment to the liability and the corresponding asset.

Statements of cash flow

The statements of cash flow are prepared and presented using the indirect method. Cash and cash equivalents include bank deposits and other short-term cash deposits.

Events after the balance sheet date

The financial statements are adjusted to reflect events after the balance sheet date that provide evidence of conditions that existed at the balance sheet date (adjusting events). The financial statements are not adjusted to reflect events after the balance sheet date that are indicative of conditions that arose after the balance sheet date (non-adjusting events). Non-adjusting events are disclosed if significant.

Financial Risk Management

Mime Petroleum's activities expose the Company to market risk (including commodity price risk, currency risk and interest rate risk), liquidity risk and credit risk. The Company's approach to risk management includes assessing and managing risk with focus on achieving the highest risk adjusted returns for the shareholders.

Commodity price risk

The Company operates in the crude oil market and is exposed to fluctuations in hydrocarbon commodity prices that can affect revenues. Commodity price risks represent one of the Company's critical risks going forward. From time to time, cash flows from sale of crude oil are secured through commodity price hedging in order to manage this risk.

Currency risk

Currency risks arise from multi-currency cash flows within the Company. Mime is exposed to foreign currency exchange risk on its purchase and sales, including financing costs that are denominated in currencies other than USD. Currency risks are secured through the use of hedging instruments such as forward sales/purchase contracts. However, the Company's net currency exposure was estimated to be approx. neutral following the temporary tax changes as the Company has been receiving NOK denominated tax refunds every second month until June 2022. As a consequence, the Company did not have any foreign exchange contracts at December 31, 2022. New positions may be entered into going forward as the tax refund schedule has been changed from bi-monthly to an annual tax refund scheme with tax refund in Q4 the year after the relevant tax year.

Interest rate risk

The current USD bonds carry a fixed interest. See note 14 for information about the interest rate conditions on long-term debt.

See note 18 for further information about the commodity price hedging, currency risk hedging and interest rate hedging.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The purpose of liquidity management is to make certain that the Company always has sufficient funds available to cover its financial liabilities. To identify current and future financing needs, the Company carries out short (next weeks), mid- (6-12 months) and long-term forecasts to plan the Company's liquidity. These forecasts are regularly updated for various scenarios and form part of the decision basis for the Company's management and Board of Directors.

At year end, Mime Petroleum's debt financing includes a senior secured USD 225 million bond. In addition, the Company had cash balances at NOK 242 million. Reference is made to notes 14 and 18 in the financial statements for further details.

Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortized cost, and deposits with banks and financial institutions. There are also minor credit exposures related to trade receivables and overcall in joint ventures.

The Company considers its credit risk to be low, as its license partners are creditworthy oil companies and cash, and cash equivalents are receivables from banks.

Note 1 – Significant transactions

There have not been any significant transactions in 2022, nor in 2021.

Note 2 – Revenues

During 2022, the Company's crude oil production was sold to ENI Trading & Shipping on a long-term contract, in total 0.72 million barrels (2021: 0.77 million).

(NOK 1 000)	Norway	EU	2022	2021
Revenue from crude oil sales	664 765		664 765	432 027
Revenue from gas sales	0		-	-
Total petroleum revenue	**664 765**	**0**	**664 765**	**432 027**
Gain/(loss) on derivatives	-45 568		-45 568	-71 939
Gain/(loss) on sale of assets				2 573
Other revenue	9 769		9 769	
Total revenue	**628 967**	**0**	**628 967**	**362 661**

(revenue split by place of delivery)

KEY OPERATIONAL FIGURES		2022	2021
Production	boe	676 854	789 051
Averaage production per day	boe	1 854	2 162
Average oil price, net of hedging	USD/bbl	90.31	55.02
Volumes sold	boe	720 512	765 473

boe = barrel of oil equivalent

Note 3 – Exploration and operating expenses

(NOK 1 000)	2022	2021
Production cost	215 883	173 740
Environmental taxes	12 008	9 252
Over-/underlift and physical stock adj.	18 928	-27 403
Offshore insurance	11 689	10 040
Decommissioning cost	35 418	23 419
Other production costs	5 387	1 397
Total Production and Decommissioning expenses	**299 313**	**190 444**

Decommissioning costs mainly relate to incurred plugging and abandonment costs for Ringhorne phase III wells.

(NOK 1 000)	2022	2021
Expensed cost, geological & geophysical	896	1 103
Expensed cost, seismic and studies	43	105
Expensed cost, other	-	139
Total Exploration expenses	**939**	**1 347**

Drilling and testing costs for wells where discovery is deemed successful and/or the status of discovery is pending has been capitalized (NOK -0.3 million in 2022 (2021: NOK 41.5 MNOK)).

Note 4 – Salary and personnel costs, number of employees, audit fees

(NOK 1 000)	2022	2021
Payroll expenses	31 503	32 769
Social security tax	5 084	5 240
Pension costs	4 208	4 088
Other personnel expenses	829	609
Total employee benefit expenses	**41 625**	**42 706**
Average number of full time equivalents	15,0	15.0

Pensions

The Company has a defined contribution pension plan for its employees which satisfies the statutory requirements in the Norwegian law. The Company has a commitment to pay an annual contribution for each employee of 7% of the base salary up to 7.1 times the base amount (G) in the in the Norwegian Social Security Act, and 25.1 % of the base salary between 7.1 and 12 times the base amount. In addition, the Company has set up a disability insurance arrangement.

As of December 31, 2022, the Company's defined contribution scheme had 15 members (December 31, 2021: 15 members). Costs related to the defined contribution plan amounted to NOK 3 103 303 in 2022 (2021: NOK 2 918 168).

The Company also has a funded pension scheme for employees with salaries in excess of 12 times the base amount. Qualified employees are entitled to a yearly contribution to the funded pension scheme of 25% of the base salary that exceeds 12 times the base amount. The future pension liability for the Company is limited to the total yearly contributions. Costs related to the funded pension scheme in excess of 12G amounted to NOK 1 260 798 in 2022 (2021: NOK 1 334 452).

Remuneration to CEO/Executive Chairman and board of directors

(NOK 1 000)	2022	2021
Salary incl bonus	1 978	2 122
Pension scheme costs	261	259
Other remuneration	33	31
Total remuneration to CEO	**2 271**	**2 412**

Members of the Board received no remuneration in 2022 or 2021. No loans/guarantees have been given to the CEO/Chairman of the Board or other Board Members.

In the event of a reorganization and/or downsizing process, key management and the CEO are entitled to a severance payment if the employment is terminated on the basis of circumstances relating to the Company or an acquiring company.

Furthermore, key management and the CEO are entitled to a cash bonus payment in case of a sale of the Company or an asset sale, and further, also a cash bonus payment contingent on the proceeds in case of a future sale, asset sale, listing or winding up of the Company.

Salaries and other remuneration related to participation in licenses

Salaries charged to the Company's income statement through licenses where the Company has an ownership share are not classified as salaries but are included in exploration and production expenses or capitalized as part of developments.

Remuneration to auditors

Expensed remuneration to the auditors is as follows (excl. VAT):

(NOK 1 000)	2022	2021
Statutory audit	565	329
Other assurance services	-	21
Tax advisory services	-	-
Other services	46	-
Total	**611**	**350**

Note 5 – Other operating and administrative expenses

(NOK 1 000)	2022	2021
Travel and transportation costs	887	278
Rental and lease expenses	2 413	2 255
IT expenses	2 316	1 282
Legal services	5 964	7 845
Other consultancy services	18 317	15 319
Other operating costs	1 614	1 847
Total other operating and administrative expenses	**31 511**	**28 826**

Other consultancy services mainly relate to external services required for Balder/Ringhorne operations, corporate assistance and in connection with business development processes.

Note 6 – Financial income and costs

(NOK 1 000)	2022	2021
Interest income	7 248	275
Other financial income	-	-
Total financial income	**7 248**	**275**
Interest expenses	-233 330	-70 994
Amortised loan costs	-14 548	-27 795
Accretion expenses	-28 487	-15 559
Net other financial income / (expenses)	-1 381	-5 566
Total financial expense	**-277 746**	**-119 914**
Realised foreign exchange gain/(loss)	6 660	3 150
Net unrealised exchange gain /(loss)	-137 180	-31 937
Net financial items	**-401 018**	**-148 426**

Interest expenses in 2022 mainly relate to paid and accrued interest on the USD 225 million MIME02 PRO bonds which was issued in November 2021. MIME02 was issued as part of a refinancing where MIME02 replaced the USD 95 million Reserve Based Lending Facility and MIME01 PRO Bonds at NOK 300 million. A make-whole amount as well as the remaining capitalized loan fees related to the Reserve Based Lending Facility and the MIME01 PRO bonds was expensed in 2021.

Note 7 - Taxes

Income taxes recognised in the income statement		
(NOK 1 000)	**2022**	**2021**
Current tax payable /(income tax credit)		
Current tax payable previous years	2 150	1 244
Change in deferred tax	-194 871	-197 423
Total tax payable (receivable) recognised in the income statement	**-192 721**	**-196 179**

Reconciliation of income tax		
(NOK 1 000)	**2022**	**2021**
Profit / loss (-) before income tax	**-1 080 448**	**-169 864**
Expected income tax at nominal tax rate (22%)	-237 698	-37 370
Expected petroleum tax (56%/56,004%)	-605 094	-95 124
Tax effect of:		
Permanent differences	601 029	-5 121
Financial items	180 310	83 608
Uplift	-138 948	-185 472
Other changes	-17 840	3 014
Onshore items	25 520	40 286
Total income tax recognised in the income statement	**-192 721**	**-196 179**
Effective income tax rate	**17,8 %**	**115,5 %**

Specification of tax effects on temporary differences, tax losses and uplift carried forward			
(NOK 1 000)	**Change through Income Statement**	**2022**	**2021**
Fixed assets	-838 502	-2 580 864	-1 742 361
Asset retirement obligations	2 883	447 282	444 398
Other items	53 740	3 066	-50 674
Tax loss offshore receivable	-167 319	831 290	998 609
Tax loss offshore receivable, adj			
Tax losses carried forward, offshore (22%)	145 415	161 242	15 827
Tax losses carried forward, offshore (56%)	45	6 431	6 386
Total deferred tax assets / (liabilities)	-803 738	**-1 131 554**	**-327 816**
Effect of offshore tax loss receivable	998 609	-837 720	-998 609
Total deferred tax assets / (liabilities) recognized	**194 871**	**-1 969 274**	**-1 326 424**

Changes to the Petroleum Tax Act were enacted in June 2022 with effect from January 1, 2022. The combined tax rate of 78% is maintained, but the special petroleum tax is converted into a cash-based tax. Depreciation and uplift deductions are replaced by immediate deduction of total investments from 2022. A calculated corporation tax is deductible in the basis for special tax. In order to maintain the overall tax rate of 78%, the special tax rate is increased to 71.8% [56% / (1-22%)] from 2022.

The temporary 2020-rules are upheld for qualified future investments[3], with immediate deductions plus uplift[4] for special tax. Thus, this applies to the Balder Future project in 2022.

[3] Investments incurred in 2022 and until scheduled production start if the investments are made pursuant to a Plan for Development and Operation (PDO) filed before January 1, 2023, and approved by the Government in the period May 12, 2020, to December 31, 2023.

[4] In December 2022, the Norwegian Parliament approved a change to the uplift under the temporary tax rules applying to qualifying PDOs from 17.69 percent to 12.4 percent, effective from January 1, 2023.

The tax value of any losses in the special tax base will be refunded in the following year, whereas any losses in the ordinary corporation tax base (22%) must be carried forward without interest.

At year end, the Company has recognized a tax receivable of NOK 838 million (short term receivable), equal to the tax value of the incurred loss in the special tax basis for 2022 plus the tax value of such tax losses incurred before 2020. The refund is due in Q4 2023.

At year-end 2022, unrecognized future uplift credits related to capitalized costs are zero (YE 2021; NOK 15.7 million).

Note 8 – Property, plant and equipment

(NOK 1 000)	Oil and gas assets	Furniture, fixtures and office machines	Total
2022			
Cost at January 1, 2022	4 013 635	949	4 014 585
Additions	1 174 688	257	1 174 945
Disposals			
Asset removal obligation - change in estimate	-24 820	-	-24 820
Adjustment of acquisition cost	-	-	-
Cost at December 31, 2022	**5 163 503**	**1 205**	**5 164 709**
Accumulated depreciation and impairment at January 1, 2022	-296 012	-613	-296 624
Depreciation for the year	-187 132	-219	-187 351
Impairment loss	-744 617	-	-744 617
Disposals	-	-	-
Accumulated depreciation and impairment at December 31, 2022	**-1 227 760**	**-832**	**-1 228 592**
Carrying amount at December 31, 2022	**3 935 744**	**374**	**3 936 117**
2021			
Cost at January 1, 2021	2 709 789	949	2 710 739
Additions	1 310 180	-	1 310 180
Asset removal obligation - change in estimate	-6 334	-	-6 334
Cost at December 31, 2021	**4 013 635**	**949**	**4 014 585**
Accumulated depreciation and impairment at January 1, 2021	-178 526	-362	-178 887
Depreciation for the year	-117 486	-251	-117 737
Impairment loss	-	-	-
Accumulated depreciation and impairment at December 31, 2021	**-296 012**	**-613**	**-296 624**
Carrying amount at December 31, 2021	**3 717 623**	**336**	**3 717 959**

Additions of PP&E are related to development and production assets including changes in estimate of asset retirement costs, and other furniture, fixture, and office machines.

Production facilities are depreciated according to unit of production method (UoP). Furniture, fixture, and office equipment are subject to linear depreciation, over 3 or 5 years.

Impairment tests of individual cash-generating units are performed when impairment triggers are identified and the carrying value of an asset may exceed the recoverable amount. Correspondingly, a reversal of impairment is recognized when the recoverable amount exceeds the book value. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use.

The Company has performed an impairment test based on the underlying conditions that existed December 31, 2022. Several external and internal indicators have impacted the value in use of the assets. At the end of Q4 2022 there have been significant changes to the future costs, the estimated production forecast and the reserves compared to the YE2021 evaluation.

In September 2022, the operator, Vår Energi ASA, provided an update on the Balder X development, which includes the ongoing Balder Future project and Ringhorne phase IV drilling, identifying additional gross investment requirements of USD 1.2 billion (NOK 11.5 billion), bringing the total estimated gross project cost to USD 4.3 billion (NOK 40.7 billion). First oil from Balder X is now expected in the third quarter of 2024, compared to previously late in 2023 (all figures 100%).

Mime sees additional risks to complete the project timely following the progress during Q4-2022 and consequently Mime assumes first oil in Q4-2024.

There are uncertainties concerning the volumes, costs and schedule related to the development and production of the 2C resource base versus the YE2021 evaluation. Maturation of 2C volumes is ongoing as part of a wider Balder Area development with a DG2 timeline in 2025.

The impairment testing has been performed based on discounted future after tax cash flows. The expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC). Cash flows are projected for the estimated lifetime of the fields.

Prices

Future price level is a key assumption and has a significant impact on the net present value. Forecasted oil and gas prices are based on management's estimates and available market data. Information about near-term market prices can be derived from the futures contract market. The information about future prices is less reliable on a long-term basis, as there are fewer observable market transactions going forward.

In the impairment testing the Company has used a combination of the Brent forward curve from December 31, 2022, covering 2023 to end 2025 at respectively USD 84.2/bbl, USD 79.0/bbl and USD 75.0/bbl, and a long-term oil price of USD 65/bbl$_{\text{(real 2023)}}$ from 2027 onwards. For 2027, this corresponds to a nominal value of USD 70.4/bbl. The applied oil price in 2026 is set to the average of 2025 and 2027, equal to USD 72.7/bbl.

The same methodology is applied for the gas prices as for the Brent price but are of less relevance due to minor gas export in the business case. A long-term gas price of USD 6.5/mscf expressed in real 2023 terms is assumed from 2027 and onwards. No NGLs are assumed to be sold in the business case for the relevant CGUs. The Company’s long-term assumption for the USDNOK is 8.5 and is assumed from 2027. A gradual decline from the level observed at December 31, 2022, down to 8.5 is assumed for the impairment evaluation.

Reserves and future expenditure

The cost and production estimates reflect a representative view of the future per December 31, 2022, considering the operator’s forecast for 2023 and management’s assumptions. Exploration costs are excluded as no potential profits are considered.

Inflation and discount rate

The long-term inflation rate is assumed to be 2.0 percent, in line with Norges Bank's inflation target. The post-tax nominal discount rate used is 8 percent.

The impairment test shows that the post-tax NPV8 for Balder JV does not exceed the book value. As a result, an impairment charge of NOK 744.6 million related to Balder JV has been recognized as of December 31, 2022. No impairment is required for Ringhorne Øst Unit.

Note 9 - Intangible assets

(NOK 1 000)	Capitalized exploration costs	Licensing of seismic	Software	Total
2022				
Cost at January 1, 2022	59 781	14 651	1 102	75 534
Additions	6 456	-	-	6 456
Disposals	-	-	-	-
Cost at December 31, 2022	**66 237**	**14 651**	**1 102**	**81 990**
Accumulated depreciation and impairment at January 1, 2022	-	-7 081	-279	-7 360
Depreciation for the year	-	-2 930	-110	-3 040
Impairment loss	-	-	-	-
Accumulated depreciation and impairment at December 31, 2022	**-**	**-10 011**	**-389**	**-10 400**
Carrying amount at December 31, 2022	**66 237**	**4 640**	**713**	**71 589**
2021				
Cost at January 1, 2021	4 392	14 651	1 102	20 145
Additions	55 496	-	-	55 496
Expensed	-107	-	-	-107
Cost at December 31, 2021	**59 781**	**14 651**	**1 102**	**75 534**
Accumulated depreciation and impairment at January 1, 2021	-	-4 151	-169	-4 320
Depreciation for the year		-2 930	-110	-3 040
Disposals	-	-	-	-
Accumulated depreciation and impairment at December 31, 2021	**-**	**-7 081**	**-279**	**-7 360**
Carrying amount at December 31, 2021	**59 781**	**7 570**	**823**	**68 175**

Note 10 - Trade and other receivables

(NOK 1 000)	2022	2021
Trade receivables	37 173	30 318
Working capital, receivables, joint venture	1 404	1 754
Working capital, prepayments, joint venture	15 563	110
Prepayments	12 688	9 512
Other short term receivables	24 715	2 023
Total trade and other receivables	**91 543**	**43 716**
Tax receivable	837 720	596 534

The trade receivables consist of receivables from financially solid oil and gas companies. No allowances for doubtful debts have been made, and no loss has been recognized during the year. Trade receivables are non-interest bearing. Other short-term receivables mainly relate to estimated insurance claim settlement following the incident at Balder C-site in January 2022, expected to be fully settled during Q2-2023.

The tax receivable represents the tax value of the estimated tax loss receivable in Q4 2023. See also note 7.

Note 11 – Other current assets

(NOK 1 000)	2022	2021
Stock of spare parts and consumables held by operators	54 213	41 922
Stock of drilling equipment held by operators	49 621	43 399

Note 12 – Cash and cash equivalents

(NOK 1 000)	2022	2021
Bank deposits, unrestricted	237 576	777 826
Bank deposits, restricted	4 405	5 394
Total cash and cash equivalents	**241 981**	**783 220**

Cash and cash equivalents consist of deposits in ordinary bank accounts. Restricted bank deposits consist of employee withholding tax and a deposit for rental commitment.

Note 13 – Equity, share capital and shareholder information

	No. A shares	No. B shares	Total no. shares	Share capital
Shares/share capital at January 1, 2022	26 062 028	1 165 610 425	1 191 672 453	11 916 725
Capital increase	0	0	0	0
Shares/share capital capital at December 31, 2022	26 062 028	1 165 610 425	1 191 672 453	11 916 725
Shareholders as of December 31, 2022				
Mime Petroleum S.á r.l	26 062 028	1 165 610 425	1 191 672 453	11 916 725

All shares have a nominal value of NOK 0.01/share.

The Company does not own any treasury shares. Each Class A-share gives one vote in the Company's general meeting, whereas Class B-shares do not have voting rights. Class B-shares give the holder the right to 8% p.a. preference dividend on any form of distribution from the Company. There are no rights which may result in the issuing of new shares.

Mime Petroleum AS was incorporated by Blue Water Energy LLP (BWE) and the founders in May 2017. As of December 31, 2022, BWE together with founders and employees have invested USD 136 million in the Company.

Based on the 2022 financial statements, the Board are not proposing any distribution of dividends.

Note 14 – Interest bearing loans and borrowings

(NOK 1 000)	2022	2021
Long term interest bearing debt	2 217 893	1 984 365
Capitalized loan fees	-74 106	-88 655
Total long-term interest bearing debt	**2 143 786**	**1 895 710**

As of December 31, 2022, the Company had USD 225 million of five-year senior secured bonds with a fixed coupon rate of 10.25% (MIME02 PRO, listed on Nordic ABM). Capitalized loan fees are amortized over the loan period. The MIME02 bonds mature in November 2026.

The financial covenants related to the USD 225 million bonds are a minimum cash requirement equal to total interest costs for the next 6 months, and a Net Leverage Ratio (Total net debt to adjusted EBITDA) not to exceed 2.0x from the date that the Balder Ringhorne licenses have achieved 90 days of production of oil with an average oil production of 75 000 bbl/d.

During Q1 2023, the Company finalized a financial restructuring process and completed the placement of USD 120 million bonds, with super senior ranking in March 2023. Consequently, certain amendments to the MIME02 bond agreement from November 2022 were executed, including an extension of the maturity with 12 months, to November 2027. For further information, see note 22.

Note 15 – Asset Retirement Obligations

At the termination of production or expiration of a license, the Norwegian government may require the Company to remove offshore installations. Given reserve estimates at license expiry, the Company finds it unlikely that the Norwegian government will exercise its option to take over the installations.

It is also required to close down all production and injection wells as their use is completed. The Company has no removal obligations related to Gassled pipelines and installations.

If the Norwegian Government should require dismantlement and removal of the installations, removal costs will be fully tax deductible for the licensees when incurred.

The Company has based its estimated asset retirement costs on cost estimates prepared by the operator of the licenses.

(NOK 1 000)	**2022**	**2021**
Total obligation at January 1	569 740	560 515
Effect of changes in estimates	-60 238	17 085
Accretion expense	28 487	15 559
Actual decommissioning expenditure	35 418	-23 419
Total obligation at December 31/ YE 2021	**573 408**	**569 740**
Non-current portion at December 31	523 008	569 740
Current portion at December 31	50 400	29 400

In the calculation of net present value at year-end 2022, an inflation rate of 2% and a nominal discount rate of 5% are used for estimating the abandonment retirement obligations. The current abandonment obligation (next twelve months) is related to plugging and abandonment in the ongoing Ringhorne phase III project.

There are significant uncertainties inherent in the calculations of abandonment and decommissioning costs, which are dependent upon future technology levels and the degree of removal required. The Company obtains abandonment and decommissioning cost estimates from the operator. The estimates are based on complete removal and onshore disposal of any installations above or on the seabed. Pipelines will be cleaned and left buried.

<u>Future deposit requirements</u>

According to the Norwegian Petroleum Act section 5-3 (3), Vår Energi AS is secondarily financially responsible for the asset removal obligation related to the licenses acquired by the Company. Vår Energi AS is in accordance with the SPA required to repay, without any delay, the entire deposit in an event where the seller's liability do not materialize (i.e. Mime fulfills the asset retirement commitments for the acquired interests according to plan).

As part of the Sale and Purchase Agreement (SPA) with Vår Energi AS from March 2019, it was agreed that the Company should deposit to the seller a post-tax amount of USD 12.7 million on January 1, 2022. Based on a revision of this agreement in February 2021, the timing of the deposit was changed to three months after Balder Future first oil through Jotun FPSO, or at the latest July 1, 2023. As the Balder Future first oil through Jotun FPSO has been further delayed during 2022, the parties have agreed to amend the timing and further postpone the payment of the deposit to three months after the date of the first oil produced from the Balder/Ringhorne fields over the Jotun FPSO. Interest shall accrue at Libor (or substitute) + 3% p.a. for the period from January 1, 2022, until payment and shall be settled at the same time.

The future deposit requirement does not satisfy the definition of a liability as the future payment is not an obligation at the transaction date. The deposit is considered only to be a part of the agreement due to the requirements in the Petroleum Act section 5-3(3) and not part of the pricing and valuation of the transaction between the parties. Mime's obligation is already indirectly included under the ARO liability related to assets and liabilities from the transaction with Vår.

Note 16 – Trade and other payables

(NOK 1 000)	**2022**	**2021**
Trade creditors	3 466	2 725
Working capital, trade creditors, joint venture	56 262	46 914
Trade payables	**59 728**	**49 639**
Working capital, accruals, joint venture	112 547	110 099
Undercall, joint ventures	31 458	51 439
Overlift	14 634	8 491
Other accrued expenses	9 194	35 082
Other current liabilities	**167 833**	**205 110**

Trade payables are non-interest bearing and are normally settled within 30 days. All other payments are scheduled to be settled as they fall due.

Note 17 – Transactions with related parties

During the 2022 financial year, Mime Petroleum AS had the following transactions with related parties:

a) Key management, CEO/Executive Chairman and Board of directors

Key management and the CEO/Executive Chairman participate in a Management Incentive Program committing eligible members to co-invest in the Company.

Further, key management and the CEO/Executive Chairman are entitled to a future cash bonus payment contingent of the proceeds in case of a future sale, asset sale, listing or winding up of the Company.

The Company has no other agreements in which a board member or the management has a substantial interest.

Remuneration to the CEO/Executive Chairman and the Board is presented in note 4.

b) Intercompany loan agreement with Mime Petroleum S.à r.l

In April 2018, Mime Petroleum AS entered into a 5-year loan agreement with its sole shareholder Mime Petroleum S.à r.l. Under this loan agreement, Mime Petroleum AS made available to Mime Petroleum S.à r.l. a loan facility of maximum USD 650 000. In December 2021, this agreement was extended until 2026 and the maximum loan facility increased to USD 2 million. The loan is unsecured and ranks pari passu with all other unsecured and unsubordinated debts of Mime Petroleum S.à r.l.

On December 31, 2022, the outstanding receivable amounted to USD 1.045 million including accrued interest.

c) Intercompany loan agreement with Mime Petroleum Holding AS

In December 2021, Mime Petroleum AS entered into a 5-year loan agreement with Mime Petroleum Holding AS, which is owned by founders and employees in Mime Petroleum AS and is an indirect shareholder in Mime Petroleum AS. Under this loan agreement, Mime Petroleum AS made available to Mime Petroleum Holding AS an intercompany loan of NOK 2.5 million.

The outstanding loan balance including accrued interest was repaid in full on October 31, 2022, and the loan agreement has been terminated.

Note 18 – Financial instruments

The Company has focus on securing liquidity and has established an oil price hedging program to reduce the cash flow risk related to oil prices. The oil price hedging program is considered to qualify for hedge accounting.

At December 31, 2022, the Company had Brent swap contracts of 16 000 barrels per month (96 000 bbl in total) at an average price of USD 98.11/bbl for Q1 and Q2 2023. The Q1 and Q2 contracts for 2023 represented an after-tax hedging ratio of about 80% given the 2023 production outlook at YE2022 for Q1 and Q2 2023. The fair market value of the Brent swap contracts at December 31, 2022, was positive by USD 1.2 million.

Additional positions may be added to the program going forward, however, the structure, amounts and levels of any further hedging will depend on how the market for commodity derivatives develops.

As revenues are denominated in USD, while investments and operating costs generally accrue in NOK, currency rate fluctuations represent both a direct and an indirect financial risk for the Company. The Company had no open foreign exchange contracts at December 31, 2022 (December 31. 2021;nil), as the currency exposure has been minor after the temporary tax changes ensuring refund of tax losses.

Note 19 – Lease agreements and other commitments

As of December 31, 2022, the Company has no financial leases. The Company has entered into operating leases for office premises, parking, software and IT equipment.

The rental agreement for the current office location in Strandveien 50 started July 1, 2019, and the rental period is 5 years. The rent is adjusted annually in accordance with the Consumer Price Index (CPI). The total leasing cost for office properties, equipment and software amounted to NOK 3.1 million in 2022 (2021: NOK 2.7 million)

As a partner in fields under development and operation, the Company has leasing commitments (operating lease) for drilling rigs and helicopter services to secure planned activities, in total NOK 289 million for the period 2023 to 2026.

The future minimum rents related to non-cancellable leases and subleases fall due as follows:

(NOK 1 000)	2022	2021
Witin 1 year	146 299	71962
1 to 5 years	291 111	108 083
After 5 years	0	
Total	**437 410**	**180 045**

As a license holder on the NCS, the Company has unlimited liability to damages, including environmental damage. The Company has insurance coverage for its pro rata liability, in line with the industry practice for the NCS.

Note 20 – Pledged assets and joint mortgage security

The Company's participating interest in licenses related to Balder Unit and Ringhorne Øst Unit are pledged as security for the USD 225 million bonds.

Note 21 – Oil and gas reserves – (unaudited by BDO)

The reserve numbers shown below are the estimated total producible remaining reserves in the currently producing and developing fields at the end of 2023. The estimates represent the Company's share of proven and probable reserves (2P). Estimates of proven and probable reserve quantities are uncertain and change over time as new information becomes available.

Net remaining unaudited reserves (P50) at the end of 2022 are broken down as follows:

Proven and probable reserves (boe)	2022	2021
Balance at January 1	26 299 559	24 321 876
Acquisition of reserves	-	-
Revision of estimates	-3 283 363	1 470 534
Discoveries, additions and extensions	4 012 600	1 296 200
Year production	-676 854	-789 051
Total reserves at December 31	**26 351 942**	**26 299 559**

Reserves are classified in accordance with the Norwegian Petroleum Directorate's requirements and based on revised national budget (RNB) 2023 numbers received from the operators together with internal information.

The Company has interests in the following production licenses in the Norwegian Continental Shelf:

Prod Licenses	Block(s)	Expiry year	Producing fields	Operator	Interest
001	25/11	2030	Balder	Vår Energi ASA	10%
027	25/8	2030	Balder, Ringhorne Øst*	Vår Energi ASA	10%
027C	25/8	2030	Balder	Vår Energi ASA	10%
027HS	25/8	2030	Balder	Vår Energi ASA	10%
028	25/10	2030	Balder	Vår Energi ASA	10%
028S	25/10	2030	Balder	Vår Energi ASA	10%

*Ownership share in Ringhorne Øst Unit is 7.4%

A revised Plan for Development and Operation (PDO) for the Balder field was approved by the Ministry of Petroleum and Energy (MPE) on June 18, 2020. The revised PDO aims to prolong the license expiry to 2045.

Note 22 – Subsequent events [to be updated until April 20]

a) The strategic review process

As announced September 28, 2022, a strategic sales process was initiated in Q3 2022, with the objective to complete a strategic sale of the shares in Mime Petroleum AS and/or entering into potential business combinations with other companies. As a result of this process, certain offers were received in Q1 2023, including a cash offer from a 3rd party purchaser for the entire share capital of the Company. Following careful consideration, both the Company and the majority of the bondholders in the MIME02 bonds expressed support to such a transaction. However, the largest shareholder in Mime Petroleum AS ultimately indicated that they were not prepared to consent to such a transaction on the prevailing terms.

b) Completed a financial restructuring in March

At year end, Mime had identified an immediate capital requirement into March 2023 and also forecasted negative equity building up over the coming years if no remedies were made. Based on the analysis performed, the Company would neither be able to repay the MIME02 bonds at maturity in 2026 based on the best estimates for the Balder and Ringhorne project and forward oil prices, absent a refinancing solution.

To ensure a going concern, the Company entered into a refinancing agreement effective March 2023, providing a long-term solution for the immediate capital need by issuing Super Senior Bonds of an initial amount of USD 120 million and with a maximum limit of USD 180 million. Upon disbursement of the proceeds from the Super Senior bonds, USD 45 million of the outstanding bonds under the MIME02 bond agreement has been converted into subordinated hybrid bonds without any enforcement rights. The interest payment schedule on the MIME02 bonds has been changed from semi-annual to annual (December 15 each year), and Mime may elect to pay interest as payment-in-kind (PIK) at a rate of 10.25% by issuing non-interest-bearing Hybrid PIK Bonds.

The bondholders under the MIME02 agreement that are allocated Super Senior bonds have received a roll-up exchange right at a ratio of one exchange right for each USD 1 of Super Senior Bonds allocated to it in connection with the Super Senior bonds issue, entitling the holder to convert USD 0.25 of the MIME02 bonds held into Super Senior bonds given specific triggers. In addition, certain warrants will be issued to the bondholders and the subscribers for the Super Senior Bonds. The maturity date for MIME02 bonds has been extended by one year, to November 2027. Further, the financial covenants related to MIME02 have been waived and suspended for the period from March 2, 2023, until the Super Senior bond discharge date.

Further information about the new and restated bond terms can be found at Newsweb.no and on the Company's website.

c) Termination of Brent swap contracts for Q1 and Q2 2023

On February 20, 2023, Mime terminated all its Brent swaps for the period February 2023 to June 2023 amounting to 80 000 barrels in total. The transaction realized a gain of USD 1.2 million due to the positive mark-to-market value for the Brent swaps.