Panoro Energy

HALF YEAR REPORT 2023

24 August 2023

CONTENTS

ABOUT PANORO

Panoro Energy ASA is an independent exploration and production company based in London and listed on the main board of the Oslo Stock Exchange with the ticker PEN. Panoro holds production, exploration and development assets in Africa, namely interests in Block-G, Block S and Block EG-01 offshore Equatorial Guinea, the Dussafu Marin License offshore southern Gabon, the TPS operated assets, Sfax Offshore Exploration Permit and Ras El Besh Concession, offshore Tunisia, and interests in offshore exploration Block 2B and onshore Technical Co-operation Permit 218 in South Africa.

HIGHLIGHTS, EVENTS AND UPDATES

First half 2023 Highlights and Events

Corporate and Financial Update

Production

- Recent group production has reached levels of up to 11,000 bopd, following completion in July of the third Hibiscus well and start-up of the new gas lift compressor onboard the FPSO BW Adolo offshore Gabon
- Working interest production is expected to increase to in excess of 13,000 bopd when all six new Hibiscus Ruche Phase I wells are onstream
- Average full-year working interest production guidance range has narrowed to 9,500 - 10,500 bopd, as previously communicated
- Working interest production averaged 7,220 bopd in the first half (H1 2022: 7,860 bopd) and was 8,090 bopd in Q2

Financial update

- The Company recognises revenue when liftings of its crude oil entitlement occur. As previously guided, Panoro lifted and sold a limited volume of 52,830 barrels in Q2 as domestic sales in Tunisia resulting in revenue of USD 3.4 million during the period
- Reported revenue in the first half was USD 66.3 million (H1 2022: USD 21.7 million) of which USD 63.0 million was generated from the sale of 835,750 barrels at an average realised price of USD 75.42 per barrel after customary fees and discounts
- Reported EBITDA for the first half was USD 38.9 million (H1 2022: USD 20.8 million)
- Underlying operating profit before tax (after adjusting for certain non-cash and unrealised gain/loss) for the first half was USD 15.6 million (H1 2022: underlying operating loss of USD 7.8 million)
- Capital expenditures in the first half were USD 32.9 million excluding net acquisition costs in relation to the acquisition of minority interest in the Tunisia business (USD 35.9 million including acquisition costs)
- Management expects the majority of its 2023 crude oil liftings to occur in the second half of the year. Total crude liftings in 2023 are expected to be approximately 3 million barrels
- Positive crude oil inventory of 645,000 barrels at 30 June 2023
- Cash at bank at 30 June was USD 31.8 million, which includes advances of USD 17.4 million taken against high crude inventory position to smooth working capital. Net debt at 30 June 2023 was USD 50.4 million
- Amounts owing under reserve-based loans at 30 June 2023 was USD 83.7 million after principal drawdown in April of USD 15.3 million, following the refinancing of the Tunisia senior secured facility previously in place into the Company's RBL facility, in conjunction with completion of the Tunisia acquisition
- Hedges in place covering 100,000 barrels in month of August (collar with floor price of USD 79 per barrel and ceiling price of USD 84.28 per barrel). Further hedges under consideration
- Receivable of USD 16.4 million in relation to DMO sales in Tunisia (31 March 2023: USD 7.8 million). Of the total increase of USD 8.6 million, USD 3.5 million relates to an increase in DMO receivables and USD 5.1 million to the effect of the Tunisia acquisition

Dividend

- Q2 cash dividend declared of NOK 0.342 per share (representing a cash payment to shareholders of NOK 40 million) to be paid on or around 20 September 2023

Operational Update

Equatorial Guinea – Block G (Panoro 14.25%)

- Working interest production for the first half of 2023 averaged approximately 3,650 bopd (gross production 25,580 bopd)
- The next infill drilling campaign is expected to commence in Q4 2023 following a two well workover programme utilising the drilling rig. Three new infill production wells will be drilled and put onstream in 2024 to deliver additional new production volumes
- Workovers, field life extension and asset integrity projects continued in the Ceiba and Okume Complex fields

Gabon – Dussafu Marin Permit (Panoro 17.5%)

- Working interest production for the first half of 2023 averaged approximately 1,980 bopd (gross production 11,290 bopd)
- Three of the planned six new production wells at the Hibiscus Ruche Phase 1 development were safely drilled, completed and put onstream:
  - DHIBM-3H well put instream in April at a gross rate of 6,000 bopd
  - DHIBM-4H well put onstream in June at a gross rate of 6,000 bopd
  - DHIBM-5H well put onstream in July at a gross rate of 6,000 bopd
- Drilling and completion operations are underway on the fourth new production well, DHIBM-6H
- In July, the new gas lift compressor started up on the BW Adolo FPSO and will support production from all six existing wells at the Tortue field once fully operational
- Total gross production at the Dussafu Marin Permit reached up to 30,000 bopd in late July

Tunisia – TPS Assets (Panoro 29.4% until 25 April 2023; 49% afterwards)

- Working interest production for the first half of 2023 averaged approximately 1,590 bopd (gross production 4,250 bopd)
- Completed the acquisition of the 40 percent minority interest that Panoro did not own in the Tunisian business in April:
  - Adds an estimated 2.96 million barrels of net 2P reserves (100 percent oil) and 800 to 900 bopd net production
- Recompletion of the GUE-03, GUE-14 and GUE-10AST wells safely completed without incident
- New production opportunities include a workover campaign comprising ESP replacement and stimulation of three wells at the Cercina field

Exploration

- At Block S, offshore Equatorial Guinea, the partners are planning to drill the Kosmos Energy operated Akeng Deep exploration well in 2024 to test a play in the Albian, targeting an estimated gross mean resource of approximately 180 million barrels of oil equivalent in close proximity to existing infrastructure at Block G
- At the Panoro operated Block EG-01, offshore Equatorial Guinea, subsurface studies based on existing seismic data are being undertaken to further define and evaluate the prospectivity of the block
- Further exploration wells at Dussafu in Gabon are also being considered, using optional well slots under the current rig contract
- Application for an Exploration Right covering part of TCP 218 located onshore in Free State, South Africa, is currently in progress

FINANCIAL INFORMATION

Statement of Comprehensive Income review

Underlying Operating Profit/(Loss) before tax is considered by the Group to be a useful Non-GAAP financial measure to help understand underlying operational performance. The foregoing analysis has also been performed including, on an adjusted basis, the Underlying Operating Profit/(Loss) before tax from continuing operations of the Group. A reconciliation with adjustments to arrive at the Underlying Operating Profit/(Loss) before tax from continuing operations is included in the table below:

Q2 2022	Q1 2023	Q2 2023		YTD 2023	YTD 2022
(Unaudited)	*(Unaudited)*	*(Unaudited)*	*Amounts in USD 000*	*(Unaudited)*	*(Unaudited)*
(9,668)	24,476	(10,013)	Net income/(loss) before tax - continuing operations	14,463	(11,871)
385	413	447	Share based payments	860	754
681	9	107	Non-recurring costs	116	780
-	26	-	Loss/(gain) on investment	26	-
(622)	133	-	Unrealised (gain)/loss on commodity hedges	133	2,512
(9,224)	**25,057**	**(9,459)**	**Underlying operating profit/(loss) before tax**	**15,598**	**(7,825)**

Underlying Operating Profit/(Loss) before tax is a supplemental non-GAAP financial measures used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Underlying Operating Profit/(loss) before tax as Net income (loss) from continuing operations before tax adjusted for (i) Share based payment charges, (ii) unrealised (gain) loss on commodity hedges, (iii) (gain) loss on sale of oil and gas properties, (iv) impairments write-offs and reversals, and (v) similar other material items which management believes affect the comparability of operating results. We believe that Underlying Operating Profit/(Loss) before tax and other similar measures are useful to investors because they are frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in the oil and gas sector and will provide investors with a useful tool for assessing the comparability between periods, among securities analysts, as well as company by company. Because EBITDA and Underlying Operating Profit/(Loss) before tax excludes some, but not all, items that affect net income, these measures as presented by us may not be comparable to similarly titled measures of other companies.

Year-to-date 2023 versus year-to-date 2022

The commentary that follows pertains only to the Group's continuing operations in Equatorial Guinea, Gabon, Tunisia and South Africa.

Panoro Energy reported a positive EBITDA from continuing operations of USD 38.9 million in the first half of 2023, compared to USD 20.8 million in the first half of 2022. Higher EBITDA in the first half of 2023 is primarily driven by an additional international lifting with two in 2023 compared to one in 2022, offset by the impact of lower realised oil prices of USD 75 per barrel in 2023 compared to USD 107 per barrel in 2022. It should be noted that lifting scheduling across the Group's production assets will vary and as such due to revenue recognition accounting standards, uneven financial results are to be expected quarter on quarter despite normal operational performance.

Total revenue from continuing operations in the first half of 2023 was USD 66.3 million compared to USD 21.7 million in 1H 2022, generated through the sale of 835,750 barrels during the first six months of 2023 (1H 2022: 158,901 barrels) with one international lifting for each of TPS and Block G (1H 2022: 1 at TPS). Included in total revenue, is the gross-up of the State profit oil allocation under the terms of the Dussafu PSC, with a corresponding amount shown as Income tax, of USD 3.3 million in 2023 (2022: USD 4.7 million). This presentation is consistent with oil and gas reporting standards and is a notional adjustment which is neutral to net income/loss on an overall basis.

The total oil sales revenue from continuing activities was USD 63 million for the first half of 2023, USD 51 million from Block G and USD 12 million from the TPS assets. There were no liftings at Dussafu. This compares to USD 17 million for the first half of 2022, all from the Group's Tunisian assets.

Operating and other costs attributable to continuing operations of the Group were USD 22.1 million in the first half of 2023 compared to a negative USD 4.2 million in 1H 2022, an increase of USD 26.2 million due to inventory movement during the period. With no liftings at Block G during the first six months of 2022, inventory levels, which includes an element of depreciation, increased temporarily and was expensed on recognition of the sale of entitlement later in the year.

General and Administrative (G&A) costs from continuing operations remained relatively stable at USD 5.4 million (2022: USD 5 million), the small difference attributable to inflationary and cyclicality of the timing of some annual overheads.

DD&A charge for the Group's assets attributable to continuing operations decreased by USD 3.1 million to USD 15.1 million in the current period compared to USD 18.3 million in the first half of 2022. The decrease is driven by increased reserves due to the licence extension and lower production at Block G with the effect of decreasing DD&A by USD 5.5 million. This is offset by an increase of USD 2.4 million due to higher production levels at TPS and Dussafu development assets (which are not depreciated), capitalised as depreciable production assets during 2023.

EBIT from continuing operations for the first six months of 2023 was thus USD 22.9 million compared to USD 1.8 million in 1H 2022.

Net financial items from continuing operations amounted to a loss of USD 8.4 million in the first half of 2023, compared to a loss of USD 13.7 million in the first half of 2022. This decrease of USD 5.3 million is due to reduction in commodity hedges year-on-year with losses of USD 7 million in 1H 2022 with no loss in the corresponding period of 2023. This is offset by increased interest expense on external debt of USD 1.6 million reflecting increased interest rates and decommissioning costs of USD 0.5 million.

Profit before tax for the first half from continuing operations was therefore USD 14.5 million compared to a loss of USD 11.9 million in the first half of 2022.

First half net profit after tax from continuing operations was USD 0.9 million, compared to net loss after tax of USD 22.5 million in 2022.

Income taxes increased to USD 13.5 million for the first six months of 2023 from USD 10.6 million in the same period of 2022. These tax charges consisted of USD 3.3 million (2022: USD 4.7 million) representing State profit oil under the terms of the Dussafu PSC and USD 10.2 million (2022: USD 5.9 million) for taxes on profits for the Group's Equatorial Guinea and Tunisian Operations. The higher taxes in the current period are mainly due to phasing of allowances which are time driven and not affected by accounting profitability.

Underlying operating profit before tax from continuing operations for first six months of 2023 was USD 15.6 million compared to a loss of USD 7.8 million for the same period 2022 (see page 5).

Statement of Financial Position review

Movements to 30 June 2023 from 31 December 2022

Movements in the Group statement of financial position during the first half of 2023 were a combination of the following:

Non-current assets

Non-current assets amount to USD 504.4 million at 30 June 2023, an increase of USD 59.5 million from USD 444.9 million at 31 December 2022.

This movement is driven by investment in exploration, production and other assets of USD 32.6 million, together with increases related to the acquisition of the remaining 40% of the shares of Sfax Petroleum Corporation AS described in note 4 (the "Transaction") of USD 37.4 million and recognition of Goodwill of USD 4.4 million, reduced by depreciation of USD 14.9 million.

Current assets

Current assets amount to USD 109 million as of 30 June 2023, compared to USD 94.5 million at 31 December 2022.

Inventories, trade and other receivables at 30 June 2023 of USD 77.2 million (31 December 2022: USD 61.3 million) consists of crude oil and materials inventory of USD 47.8 million (31 December 2022: USD 26.2 million) and trade and other receivables of USD 29.5 million (31 December 2022: USD 35.1 million). Of the USD 15.9 million increase, USD 6.5 million in Trade and other receivables and USD 2.2 million of inventories are a result of the increased holding of the Group in the Tunisian business following the Transaction. The remaining increases relate to a reduction in trade receivables of USD 0.9 million, offset by an increase in crude oil inventory of USD 19.3 million due to the reduced number of liftings in 1H 2023.

Cash and cash equivalents at 30 June 2023 was USD 31.8 million compared to USD 32.7 million at 31 December 2022. The decrease of USD 0.9 million is mainly due to payments made for acquisitions and operations offset by net cash inflows from operations, drawdown of USD 14.8 million (net of costs) against the MCB/Trafigura loan facility and USD 17.4 million advances against the third quarter liftings at Block G and Dussafu (see below).

Equity

Equity as at 30 June 2023 amounts to USD 210.8 million compared to USD 206.5 million at the end of December 2022, an increase of USD 0.9 million for the six months as a result of net income, USD 0.9 million increase in employees share option reserve and USD 8.3 million shares issued as part payment of the Transaction (see note 4), offset by dividends paid of USD 5.8 million.

Non-current liabilities

Total non-current liabilities are USD 285.2 million as at 30 June 2023 compared to USD 261 million at 31 December 2022.

Non-current portion of external loan facilities decreased from USD 58.4 million at 31 December 2022 to USD 56.5 million at 30 June 2023, reflecting repayments of USD 4.1 million offset by borrowing cost movements of USD 0.4 million and drawdowns of USD 1.8 million.

Decommissioning liabilities of USD 137.7 million were USD 14 million higher than at 31 December 2022, the increase a result of an additional USD 11.8 million as a result of the Transaction and the remaining USD 2.2 million related to the usual unwinding of discount on such liabilities.

Deferred tax liabilities increased from USD 67.2 million on 31 December 2022 to USD 75.8 million at 30 June 2023, mainly a result of estimated timing and transfers of tax liabilities between current and non-current.

Current liabilities

Current liabilities amounted to USD 117.4 million at 30 June 2023 compared to USD 71.8 million at the end of December 2022, an increase of USD 45.6 million, USD 10.1 million being a result of the Transaction. The remaining increase of USD 35.5 million is mainly a result of a USD 17.4 million advance taken against oil revenues from the 2H 2023 liftings at Block G and Dussafu, an increase in current and deferred tax of USD 4.6 million due to operations during the period, an increase of USD 5.2 million in current portion of secured loan liabilities reflecting the updated repayment profile of the refinanced secured loans. Increase in trade and other liabilities amounted to USD 8.3 million, USD 1.5 million of which relates to a reduction in under lift positions due to lack of liftings in the period and the remainder due to movement in trade creditors which is subject to timing of joint venture cash calls.

Risk and Uncertainties

Investment in Panoro Energy ASA

Investment in Panoro Energy involves risks and uncertainties as described in the Company's Annual Report for 2022.

As an oil and gas company operating in multiple jurisdictions in Africa, exploration results, reserve and resource estimates and estimates for capital and operating expenditures are associated with uncertainty. The field's production performance may be uncertain over time.

The company is exposed to various forms of financial risks, including, but not limited to, fluctuation in oil prices, exchange rates, interest rates and capital requirements; these are described in the Company's 2022 Annual Report and Accounts, and in Note 2 to the half year financial statements. The Company is also exposed to uncertainties relating to the international capital markets and access to capital and this may influence the speed with which development projects can be accomplished.

Operational risks and uncertainties

The development of oil and gas fields in which the Company is involved is associated with technical risk, reservoir performance, alignment in the consortiums with regards to development plans and on obtaining the necessary licenses and approvals from the authorities. Such operations might occasionally lead to cost overruns and production disruptions, as well as delays compared to the plans laid out by the operator of these fields. Furthermore, the Company has limited influence on operational risk related to exploration success and development of industry cost.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

Q2 2022 (Unaudited)	Q1 2023 (Unaudited)	Q2 2023 (Unaudited)	*Amounts in USD 000*	YTD 2023 (Unaudited)	YTD 2022 (Unaudited)
5,541	60,673	5,669	Total revenues	66,342	21,691
(12,098)	(9,066)	(12,234)	Operating expenses	(21,300)	(21,556)
13,442	(13,008)	12,234	Inventory movements *	(774)	25,713
(2,097)	(3,034)	(2,335)	General and administrative costs	(5,369)	(5,011)
4,788	**35,565**	**3,334**	**EBITDA**	**38,899**	**20,837**
(8,703)	(6,314)	(8,813)	Depreciation, depletion and amortisation	(15,127)	(18,276)
(385)	(439)	(447)	Other non-operating items	(886)	(754)
(4,300)	**28,812**	**(5,926)**	**EBIT - Operating income/(loss)**	**22,886**	**1,807**
(5,368)	(4,336)	(4,087)	Financial costs net of income	(8,423)	(13,678)
(9,668)	**24,476**	**(10,013)**	**Profit/(loss) before tax**	**14,463**	**(11,871)**
(3,885)	(10,106)	(3,417)	Income tax expense	(13,523)	(10,602)
(13,553)	**14,370**	**(13,430)**	**Net profit/(loss) from continuing operations**	**940**	**(22,473)**
1,126	-	-	Net income/(loss) from discontinued operations	-	961
(12,427)	**14,370**	**(13,430)**	**Net profit/(loss) for the period**	**940**	**(21,512)**
			NET INCOME /(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:		
(12,427)	14,370	(13,430)	Equity holders of the parent	940	(21,512)
			TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:		
(12,427)	14,370	(13,430)	Equity holders of the parent	940	(21,512)
			EARNINGS PER SHARE		
(0.11)	0.13	(0.12)	Basic and diluted EPS on profit/(loss) for the period attributable to equity holders of the parent (USD) - Total	0.01	(0.19)
(0.12)	0.13	(0.12)	Basic and diluted EPS on profit/(loss) for the period attributable to equity holders of the parent (USD) - Continuing operations	0.01	(0.20)

* There were no liftings at Block G (Equatorial Guinea) or Dussafu (Gabon), with only limited domestic liftings at TPS (Tunisia) during the second quarter resulting in increased crude oil inventory and underlift positions at 30 June 2023. Crude oil inventory and under lift movements form part of cost of sales and are valued using a cost per barrel that includes operating costs and depreciation, resulting in in negative cost of sales during periods of limited or no liftings. The depreciation element included in inventory was USD 3.1 million as at 2Q 2023.

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

Amounts in USD 000	Note	As at 30 June 2023 *(Unaudited)*	As at 31 March 2023 *(Unaudited)*	As at 31 December 2022 *(Audited)*
Tangible and intangible assets		504,265	452,482	444,740
Other non-current assets		142	138	121
Total Non-current assets		**504,407**	**452,620**	**444,861**
Inventories, trade and other receivables		77,196	52,714	61,339
Other current assets		-	-	475
Cash and cash equivalents		31,837	41,517	32,670
Total current assets		**109,033**	**94,231**	**94,484**
Total Assets		**613,440**	**546,851**	**539,345**
Total Equity	5	**210,829**	**218,364**	**206,503**
Decommissioning liability		137,682	124,855	123,654
Loans and borrowings	6	56,498	48,158	58,382
Other non-current liabilities		15,203	11,683	11,682
Deferred tax liabilities		75,832	70,000	67,283
Total Non-current liabilities		**285,215**	**254,696**	**261,001**
Loans and borrowings - current portion	6	25,757	18,890	21,129
Oil revenue advances	7	17,400	-	-
Trade and other current liabilities		26,761	15,176	15,152
Current and deferred taxes		47,478	39,725	35,560
Total Current liabilities		**117,396**	**73,791**	**71,841**
Total Liabilities		**402,611**	**328,487**	**332,842**
Total Equity and Liabilities		**613,440**	**546,851**	**539,345**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cashflows

Q2 2022	Q1 2023	Q2 2023		YTD 2023	YTD 2022
(Unaudited)	*(Unaudited)*	*(Unaudited)*	*Cash inflows / (outflows) (USD 000)*	*(Unaudited)*	*(Unaudited)*
(8,542)	**24,476**	**(10,013)**	**Net (loss)/income for the period before tax**	**14,463**	**(10,910)**
			ADJUSTED FOR:		
8,703	6,314	8,813	Depreciation	15,127	18,276
(11,431)	9,234	(14,372)	Increase/(decrease) in working capital	(5,138)	4,443
(7,582)	(3,224)	(3,432)	Taxes	(6,656)	(11,445)
5,434	4,346	4,042	Net finance costs and losses/(gains) on commodity hedges	8,388	13,560
(1,200)	-	-	Impairment reversal	-	(1,200)
419	414	476	Other non-cash items	890	861
(14,199)	**41,560**	**(14,486)**	**Net cash (out)/inflow from operations**	**27,074**	**13,585**
			CASH FLOW FROM INVESTING ACTIVITIES		
-	-	(4,848)	Cash outflow related to acquisition(s)	(4,848)	-
-	-	1,881	Net cash acquired at acquisition(s)	1,881	-
(13,982)	(14,056)	(18,894)	Investment in exploration, production and other assets	(32,950)	(24,885)
(13,982)	**(14,056)**	**(21,861)**	**Net cash (out)/inflow from investing activities**	**(35,917)**	**(24,885)**
			CASH FLOW FROM FINANCING ACTIVITIES		
-	-	14,758	Proceeds from loans and borrowings (net of upfront and arrangement costs)	14,758	-
35,000	-	17,400	Oil revenue advances	17,400	35,000
-	(653)	-	Repayment of non-recourse loan	(653)	(1,864)
(1,020)	(12,240)	-	Repayment of Senior Secured loans	(12,240)	(7,290)
(2,594)	(208)	-	Realised gain/(loss) on commodity hedges	(208)	(4,531)
(1,857)	(2,578)	(2,552)	Borrowing costs, including bank charges	(5,130)	(3,760)
(57)	(55)	(55)	Lease liability payments	(110)	(117)
-	(2,923)	(2,884)	Dividend paid	(5,807)	-
29,472	**(18,657)**	**26,667**	**Net cash (out)/inflow from financing activities**	**8,010**	**17,438**
1,291	8,847	(9,680)	Change in cash and cash equivalents during the period	(833)	6,138
-	-	-	Change in cash and cash equivalents - assets held for sale	-	(9)
29,370	32,670	41,517	Cash and cash equivalents at the beginning of the period	32,670	24,532
30,661	**41,517**	**31,837**	**Cash and cash equivalents at the end of the period**	**31,837**	**30,661**

Condensed Consolidated Statement of Changes in Equity

For the six months ended ***30 June 2023*** *Amounts in USD 000*	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
	Attributable to equity holders of the parent						
At 1 January 2023 (Audited)	**723**	**428,503**	**121,834**	**(301,149)**	**(37,647)**	**(5,761)**	**206,503**
Net income/(loss) for the period - continuing operations	-	-	-	14,370	-	-	14,370
Total comprehensive income/(loss)	**-**	**-**	**-**	**14,370**	**-**	**-**	**14,370**
Employee share options charge	-	-	414	-	-	-	414
Dividend	-	-	-	(2,923)	-	-	(2,923)
At 31 March 2023 (Unaudited)	**723**	**428,503**	**122,248**	**(289,702)**	**(37,647)**	**(5,761)**	**218,364**
Net income/(loss) for the period - continuing operations	-	-	-	(13,430)	-	-	(13,430)
Total comprehensive income/(loss)	**-**	**-**	**-**	**(13,430)**	**-**	**-**	**(13,430)**
Share issue - business combinations	14	8,319	-	-	-	-	8,333
Employee share options charge	-	-	446	-	-	-	446
Share issue under RSU plan	1	791	(792)	-	-	-	-
Dividend	-	-	-	(2,884)	-	-	(2,884)
At 30 June 2023 (Unaudited)	**738**	**437,613**	**121,902**	**(306,016)**	**(37,647)**	**(5,761)**	**210,829**

For the six months ended 30 June 2022 Amounts in USD 000	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
	Attributable to equity holders of the parent						
At 1 January 2022 (Audited)	**721**	**427,496**	**122,324**	**(311,694)**	**(37,647)**	**(5,761)**	**195,439**
Net income/(loss) for the period - continuing operations	-	-	-	(8,920)	-	-	(8,920)
Net income/(loss) for the period - discontinued operations	-	-	-	(165)	-	-	(165)
Total comprehensive income/(loss)	**-**	**-**	**-**	**(9,085)**	**-**	**-**	**(9,085)**
Employee share options charge	-	-	369	-	-	-	369
At 31 March 2022 (Unaudited)	**721**	**427,496**	**122,693**	**(320,779)**	**(37,647)**	**(5,761)**	**186,723**
Net income/(loss) for the period - continuing operations	-	-	-	(13,553)	-	-	(13,553)
Net income/(loss) for the period - discontinued operations	-	-	-	1,126	-	-	1,126
Total comprehensive income/(loss)	**-**	**-**	**-**	**(12,427)**	**-**	**-**	**(12,427)**
Employee share options charge	-	-	386	-	-	-	386
At 30 June 2022 (Unaudited)	**721**	**427,496**	**123,079**	**(333,206)**	**(37,647)**	**(5,761)**	**174,682**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

The holding Company, Panoro Energy ASA, was incorporated on 28 April 2009, as a public limited company under the Norwegian Public Limited Companies Act of June 19, 1997 No. 45. The registered organisation number of the Company is 994 051 067 and its registered address is c/o Advokatfirmaet Schjødt AS, Tordenskiolds gate 12 0201 Oslo, Norway.

The Company and its subsidiaries are engaged in exploration and production of oil and gas resources in Africa. The unaudited condensed consolidated financial statements of the Group for the period ended 30 June 2023 were authorised for issue by the Board of Directors on 23 August 2023.

The Company's shares are traded on the Oslo Stock Exchange under the ticker symbol PEN.

2 Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial information and the risk factors contained in the Company's 2022 Annual Report which is available on the Company's website www.panoroenergy.com.

The condensed consolidated financial statements are presented in US Dollars and all values are rounded to the nearest thousand dollars (USD 000), except when otherwise stated.

2.1 Significant accounting policies and assumptions

The accounting policies adopted in preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's 2022 Annual Report.

2.2 Principal risks and uncertainties

The Group's activities expose it to a number of risks and uncertainties, which are continuously monitored and reviewed. The main risks and uncertainties are the operational and financial risks described below.

Operational risk

At its current stage of development, Panoro is commercially producing oil and also exploring for and appraising undeveloped known oil and/or natural gas accumulations from its continuing activities in Equatorial Guinea, Gabon, Tunisia and South Africa.

The main operational risk in exploration and appraisal activities is that the activities and investments made by Panoro will not evolve into commercial reserves of oil and gas. The oil price is of significant importance in all parts of operations as income and profitability is and will be dependent on prevailing prices. Significantly lower oil prices will reduce current and expected cash flows and profitability in projects and can make projects sub economic. Panoro operates a commodity hedging program to strategically hedge a portion of its 2P oil reserves to protect against a fall in oil prices and consequently, to protect the Group's ability to service its debt obligations and to fund operations including planned capital expenditure.

Another operational risk factor is access to equipment in Panoro's projects. In the drilling/development phase of a project the Group is dependent on advanced equipment such as rigs, casing, pipes etc. A shortage of these supplies can present difficulties for Panoro to complete projects. Through its operations, Panoro is also subject to political risk, environmental risk and the risk of not being able to retain key personnel.

Financial risk

The Group's activities expose it to a variety of financial risks, mainly categorised as exchange rate and liquidity risk. The Group's risks are continuously monitored and analysed by the management and the Board. The aim is to minimise potential adverse effects on the Group's financial performance.

A more detailed analysis of the Group's risks and uncertainties, and how the Group addresses these risks, are detailed in the 2022 Annual Report which is available on www.panoroenergy.com.

3 Segment information

The Group continuing operations are classified into three business segments, being the exploration and production of oil and gas in North Africa (Tunisia), West Africa (Gabon and Equatorial Guinea) and South Africa (South Africa).

The Group's reportable segments, for both management and financial reporting purposes, are as follows:

- The North African segment holds the following assets:
  - TPS Assets: ETAP, 51% and Panoro TPS Production GmbH, 49% (29.4%* interest net to Panoro up to 25 April 2023; 49% thereafter – refer note 4).
  - Sfax Offshore Exploration Permit: Panoro Tunisia Exploration AS (Operator, 52.5%* interest net to Panoro up to 25 April 2023; 87.5% thereafter – refer note 4)
  - The Hammamet Offshore Exploration Permit: Medco (Operator), Panoro Tunisia Exploration AS (27.6%* interest net to Panoro up to 25 April 2023; 46% thereafter – refer note 4), under relinquishment.

  *Figures only represent net participation interest in proportion to Panoro's equity holding during the period at the dates explained above.
- The West African – Gabon segment holds the following assets:
  - The Dussafu licence representing the Group's 17.4997% working interest in the Dussafu Marin exploration licence in Gabon
- The West African – Equatorial Guinea segment holds the following assets:
  - The Block G licence representing the Group's 14.25% working interest
- The South African – South Africa segment holds the following assets:
  - The Block 2B licence representing the Group's 12.5% working interest
  - 100% interest in the Karoo Technical Cooperation Permit 218, South Africa
- The 'Corporate' category consists of Head Office and service company operations that are not directly attributable to the other segments. Further, it also includes the residual corporate business in Brazil which is expected to be dormant in the foreseeable future.
- Discontinued Operations and assets held for sale (comparatives only):
  - The OML113-Aje represents the Group's 12.1913% revenue interest, 16.255% paying interest and 6.502% participating interest) in the OML113-Aje exploration licence in Nigeria. This business was disposed of in the second half of 2022.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on capital and general expenditure. Details of group segments are reported below.

Q2 2022	Q1 2023	Q2 2023		YTD 2023	YTD 2022
(Unaudited)	*(Unaudited)*	*(Unaudited)*	*All amounts in USD 000 unless otherwise stated*	*(Unaudited)*	*(Unaudited)*
			OPERATING SEGMENTS - GROUP NET SALES		
4,462	3,871	3,420	Net average daily production - Block G (bopd)	3,650	4,714
1,875	1,282	2,660	Net average daily production - Dussafu (bopd)	1,980	1,952
1,086	1,164	2,010	Net average daily production - TPS assets (bopd)	1,590	1,194
7,423	**6,317**	**8,090**	**Total Group Net average daily production (bopd)**	**7,220**	**7,859**
-	659,812	-	Oil sales (bbls) - Net to Panoro - Block G, Equatorial Guinea	659,812	-
-	-	-	Oil sales (bbls) - Net to Panoro - Dussafu, Gabon	-	-
30,340	123,108	52,830	Oil sales (bbls) - Net to Panoro - TPS assets, Tunisia	175,938	158,901
30,340	**782,920**	**52,830**	**Total Group Net Sales (bbls) - continuing operations**	**835,750**	**158,901**
			OPERATING SEGMENT - WEST AFRICA - EQUATORIAL GUINEA		
2,668	31,314	1,913	**EBITDA**	33,227	6,470
6,134	3,777	3,413	Depreciation and amortisation	7,190	12,711
271,621	248,259	238,032	Segment assets	238,032	271,621
			OPERATING SEGMENT - WEST AFRICA - GABON		
2,320	919	1,967	**EBITDA**	2,886	4,550
1,758	1,508	3,305	Depreciation and amortisation	4,813	3,810
204,314	229,855	248,469	Segment assets	248,469	204,314
			OPERATING SEGMENT - NORTH AFRICA - TUNISIA		
406	5,472	3,684	**EBITDA**	9,156	12,234
733	950	2,500	Depreciation and amortisation	3,450	1,596
63,231	61,157	100,873	Segment assets	100,873	63,231
			OPERATING SEGMENT - SOUTH AFRICA		
(194)	(187)	(162)	**EBITDA**	(349)	(194)
981	13	135	Segment assets	135	981
			CORPORATE		
(412)	(1,953)	(4,068)	**EBITDA**	(6,021)	(2,223)
78	79	(405)	Depreciation and amortisation	(326)	159
13,055	7,567	25,931	Segment assets	25,931	13,055
			TOTAL - CONTINUING OPERATIONS		
4,788	35,565	3,334	**EBITDA**	38,899	20,837
8,703	6,314	8,813	Depreciation and amortisation	15,127	18,276
553,202	546,851	613,440	Segment assets	613,440	553,202
			Nigeria - Discontinued operations		
1,126	-	-	**Net income/(loss) for the period-Discontinued operations**	-	961
29,456	-	-	Assets classified as held for sale	-	29,456
(19,753)	-	-	Liabilities directly associated with assets classified as held for sale	-	(19,753)

The segment assets represent position as of quarter ends and the Statement of Comprehensive Income items represent results for the respective quarters presented. There are no differences in the nature of measurement methods used on segment level compared with the interim condensed consolidated financial statements. There are no inter-segment adjustments and eliminations for the periods presented. The segment information only includes net results from DMO operations in Gabon.

4 Business combinations

4.1 Sfax Transaction

On 24 April 2023, Panoro completed the acquisition of 40% of the shares of Sfax Petroleum Corporation AS ("Sfax") from Beender Petroleum Tunisia Limited ("Beender") for a total consideration of approximately USD 18.1 million in a mix of cash and shares (the "Transaction"). As a result of the Transaction, Sfax became a wholly owned subsidiary of Panoro.

Cash consideration comprises upfront consideration of USD 4.9 million paid on completion and USD 5 million deferred consideration payable by the end of 2023. Share consideration of USD 8.3 million was paid via the allotment and issue of 2,945,034 new Panoro shares on 25 April 2023 ("Share Consideration"), at an issue price of NOK 29.18 per share (issue value NOK 85,936,092.12). Half of the Share Consideration shares have an agreed lock-up period of six months from the issue date, whereas the remaining 50 percent are subject to a lock-up period of 12 months. In addition, certain contingent consideration amounts are payable which are mostly linked to average annual oil prices in excess of USD 100 per barrel. The fair value of such consideration payments is recognised on the date of acquisition at USD 64 thousand. If the combination had taken place at the beginning of the year, total revenue from continuing operations would have been USD 72.1 million and profit before tax from continuing operations for the Group would have been USD 16.2 million.

The purchase consideration, as set out above, is summarised in the following table:

Amounts in USD 000	*Shares acquired*	Cost of Business Combination *(Unaudited)*
Purchase price paid on completion	40%	
- Paid in cash		4,848
- Issue of shares		8,334
Deferred consideration[(1)]		4,859
Contingent consideration[(2)]		64
Total consideration		**18,105**
Carrying value of net assets acquired		4,012
Excess value to be allocated		**14,093**

1. Deferred consideration of USD 5 million payable by 30 December 2023.
2. Fair value estimate of the contingent consideration, payable only upon meeting agreed criteria linked to high oil prices. This amount will be reviewed in conjunction with the criteria on an ongoing basis.

The preliminary fair values of the identifiable assets and liabilities of Sfax and the Purchase Price Allocation ("PPA") at the date of acquisition were as follows:

Amounts in USD 000 (Unaudited)	Balance sheet of Sfax Group at acquisition pre PPA	40% portion of asset acquired / liabilities assumed pre PPA	Adjustment 1	Adjustment 2	Balance sheet acquired at 40% post PPA
ASSETS					
Production rights	34,738	13,895	11,265	-	25,160
Goodwill	-	-	1,618	-	1,618
Goodwill related to step up / deferred tax	-	-	-	2,744	2,744
Intangible fixed assets	**34,738**	**13,895**	**12,883**	**2,744**	**29,522**
Tangible fixed assets	30,504	12,202	-	-	12,202
Inventories, trade and other receivables	24,025	9,610	-	-	9,610
Cash and cash equivalents	4,702	1,881	-	-	1,881
Total non-current assets	**59,231**	**23,692**	**-**	**-**	**23,692**
LIABILITIES					
Decommissioning liability	29,535	11,814	-	-	11,814
Other non-current liabilities	13,278	5,311	(1,210)	-	4,101
Deferred tax liabilities	8,460	3,384	-	2,744	6,128
Trade and other current liabilities	13,987	5,595	-	-	5,595
Current and deferred taxes	18,680	7,472	-	-	7,472
Total liabilities	**83,940**	**33,576**	**(1,210)**	**2,744**	**35,110**
Net assets (liabilities) acquired	**10,029**	**4,012**	**14,093**	**-**	**18,105**

Adjustment 1 relates to fair value adjustments identified and allocated to individual items in the analysis of the purchase price allocation analysis. Adjustment 2 contains deferred tax following from the previous adjustments, using a tax rate of 22% applicable to Norwegian companies.

Since the acquisition date, the acquired business contributed revenue of USD 3.4 million and USD 2.8 million before tax of USD 14.5 million to the consolidated statement of comprehensive income.

5 Share capital

The Company issued 2,945,034 shares on 25 April 2023 to Beender as part-payment for the Transaction described in note 4 above. A further 309,642 shares were issued under the RSU plan on 29 June 2023 resulting in registered share capital of NOK 5,847,202 divided into 116,944,048 shares, each with a nominal value of NOK 0.05.

6 Loans and borrowings

6.1 MCB/Trafigura Senior Secured Reserve Based Loan

Current and non-current portion of the outstanding balance of the MCB/Trafigura Senior Secured Reserve Based Lending facility as of the date of the statement of financial position is as follows:

	30 June 2023	31 March 2023	31 December 2022
Amounts in USD 000	*(Unaudited)*	*(Unaudited)*	*(Audited)*
Borrowing Base Loan facility - Non-current	57,243	48,800	57,600
Borrowing Base Loan facility - Current	26,420	19,600	16,200
Total Senior Loan facility	**83,663**	**68,400**	**73,800**
Borrowing Base Unamortised borrowing costs - Non-current	(745)	(642)	(950)
Borrowing Base Unamortised borrowing costs - Current	(663)	(710)	(918)
Total Unamortised borrowing costs	**(1,408)**	**(1,352)**	**(1,868)**
Total Senior Loan facility	**82,255**	**67,048**	**71,932**

The amended Senior Loan facility has a term of 5 years from 31 March 2021 with interest charged and paid quarterly at USD 3-month SOFR plus 7.5% on the balance outstanding, with principal repayments due each six months in the months of March and September.

Un-amortised borrowing costs include structuring fees and directly attributable third-party costs. During the current quarter, these costs are expensed using an effective interest rate of 13.4% per annum over the remaining term of the facility.

On 18 April 2023, Panoro finalised an amendment to the Trafigura Senior Secured Reserve Based Lending facility for an additional USD 15.3 million funding against the Tunisian TPS assets, which was drawn down in full on completion. This additional tranche will amortise over the remaining period of the original loan ending on 30 March 2026. As part of the amendment, the annual interest rate was changed from 3-month LIBOR plus 7.5% to 3-month SOFR plus 7.5%.

Key financial covenants are required to be tested 30 September and 31 March and, in some cases, every quarter. These covenants, applicable at the levels of the borrower group as defined in the loan documentation, include the following:

(i) Minimum cash balance of USD 7.0 million to be maintained in the account of the Borrower
(ii) Group Net Debt/EBITDA: ≤3.0 (Borrower and subsidiaries)
(iii) Group Liquidity Test: ≥1.2x (Borrower and subsidiaries)

6.2 Mercuria Senior Secured Loan

Historical balances attributable to Panoro's 60% ownership were as follows:

	30 June 2023	31 March 2023	31 December 2022
Amounts in USD 000	*(Unaudited)*	*(Audited)*	*(Audited)*
Senior Loan facility - Non-current	-	-	1,740
Senior Loan facility - Current	-	-	5,100
Senior Loan interest accrued - Current	-	-	170
Total Senior Loan facility	**-**	**-**	**7,010**
Senior Loan Unamortised borrowing costs - Non-current	-	-	(8)
Senior Loan Unamortised borrowing costs - Current	-	-	(55)
Total Unamortised borrowing costs	**-**	**-**	**(63)**
Total Senior Loan facility	**-**	**-**	**6,947**

The loan was repaid in full on 15 March 2023 when remaining principal of USD 6.8 million together with interest of USD 297 thousand was paid.

6.3 BW Energy non-recourse loan

The Group had in place a non-recourse loan from BW Energy in relation to the funding of the Dussafu development which was interest bearing at 7.5% per annum on outstanding balance, compounded annually. The outstanding balance was repaid in full during the first quarter.

	30 June 2023	31 March 2023	31 December 2022
Amounts in USD 000	*(Unaudited)*	*(Unaudited)*	*(Audited)*
BW Energy non-recourse loan - Non-current	-	-	-
BW Energy non-recourse loan - Current	-	-	632
Total carrying value	**-**	**-**	**632**

7 Oil revenue advances

The Group has an advance facility of USD 25 million with Trafigura. At 30 June 2023 the total drawn down was USD 17.4 million. The advance is short term and settled from the upcoming crude liftings proceeds. The Company recognises revenue when lifting of its crude oil entitlement occur, the revenue from the upcoming liftings will therefore be reported in the third quarter.

8 Income Tax

Corporation tax charge for the respective quarters presented is split as follows:

Q2 2022	Q1 2023	Q2 2023		YTD 2023	YTD 2022
(Unaudited)	*(Unaudited)*	*(Unaudited)*	*Amounts in USD 000*	*(Unaudited)*	*(Unaudited)*
2,376	1,058	2,249	Effect of taxes under PSA arrangements - Gabon	3,307	4,662
7,879	6,319	1,464	Current income tax charge/(credit)	7,783	19,363
3	12	-	Other Corporate	12	3
(6,373)	2,717	(296)	Deferred tax charge/(credit)	2,421	(13,426)
3,885	**10,106**	**3,417**	**Total tax charge**	**13,523**	**10,602**

Deferred tax liability has arisen on temporary differences between tax base and accounting base of the production assets in Tunisia and has been calculated using the effective tax rate applicable to the concessions.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the condensed set of interim consolidated financial statements as of 30 June 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting and gives a true and fair view of the Company's assets, liabilities, financial position and result for the period viewed in their entirety, and that the interim management report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any significant events that arose during the six-month period and their effect on the half-yearly financial report, and any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

JULIEN BALKANY	TORSTEIN SANNESS	GARRETT SODEN
Chairman of the Board	Deputy Chairman of the Board	Non-Executive Director

ALEXANDRA HERGER	GUNVOR ELLINGSEN
Non-Executive Director	Non-Executive Director

OTHER INFORMATION

Glossary and definitions

Bbl	One barrel of oil, equal to 42 US gallons or 159 liters
Bopd	Barrels of oil per day
Kbopd	Thousands of barrels of oil per day
Bcf	Billion cubic feet
Bm^3	Billion cubic meter
BOE	Barrel of oil equivalent
Btu	British Thermal Units, the energy content needed to heat one pint of water by one degree Fahrenheit
IP	Initial production
Mcf	Thousand cubic feet
MMcf	Million cubic feet
MMbbl	Million barrels of oil
MMboe	Million barrels of oil equivalents
MMBtu	Million British thermal units
MMm^3	Million cubic meters
Tcf	Trillion cubic feet
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EBIT	Earnings before Interest and Taxes
TVDSS	True Vertical Depth Subsea

Disclaimer

This report does not constitute an offer to buy or sell shares or other financial instruments of Panoro Energy ASA ("Company"). This report contains certain statements that are, or may be deemed to be, "forward-looking statements", which include all statements other than statements of historical fact. Forward-looking statements involve making certain assumptions based on the Company's experience and perception of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. Although we believe that the expectations reflected in these forward-looking statements are reasonable, actual events or results may differ materially from those projected or implied in such forward-looking statements due to known or unknown risks, uncertainties and other factors. These risks and uncertainties include, among others, uncertainties in the exploration for and development and production of oil and gas, uncertainties inherent in estimating oil and gas reserves and projecting future rates of production, uncertainties as to the amount and timing of future capital expenditures, unpredictable changes in general economic conditions, volatility of oil and gas prices, competitive risks, counter-party risks including partner funding, regulatory changes including country risks where the Group's assets are located and other risks and uncertainties discussed in the Company's periodic reports. Forward-looking statements are often identified by the words "believe", "budget", "potential", "expect", "anticipate", "intend", "plan" and other similar terms and phrases. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this report, and we undertake no obligation to update or revise any of this information.

Panoro Energy

CONTACT INFORMATION

For further information, please contact:

John Hamilton, Chief Executive Officer
Panoro Energy ASA/ Panoro Energy Limited
investors@panoroenergy.com
Tel: +44 20 3405 1060

Qazi Qadeer, Chief Financial Officer
Panoro Energy ASA/ Panoro Energy Limited
investors@panoroenergy.com
Tel: +44 20 3405 1060

www.panoroenergy.com