THIS CIRCULAR AND THE ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended ("FSMA") if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this Circular, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale was effected.

The distribution of this Circular and/or the accompanying Form of Proxy into jurisdictions other than the United Kingdom may be restricted by local law and therefore persons into whose possession this Circular and/or the Form of Proxy come should inform themselves about, and observe, any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions.

This document is a circular prepared for the purposes of the General Meeting convened pursuant to the Notice of General Meeting set out in Part X (*Notice of General Meeting*) of this document and has been prepared in accordance with the Listing Rules and approved by the Financial Conduct Authority (the "**FCA**"). This Circular is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase or subscribe for, any securities.

The Company and the Directors, whose names appear in the Part of this Circular entitled "*Directors, Company Secretary, Registered Office and Advisers*", accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

For the purposes of Rule 19.2 of the Takeover Code only, each of the BASF Responsible Persons whose names appear on page 158 of this Circular accepts responsibility for the information and expressions of opinion contained in this Circular in relation to BASF and any person acting in concert with BASF (save for information relating to the Target Company Group). To the best of the knowledge and belief of each of the BASF Responsible Persons (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Prospectus to be published on or around the date of this Circular in connection with the Company's application for Readmission and Admission is not expected to be posted to Shareholders but is expected to be published on the Company's website. Subject to certain exceptions, it is expected that Shareholders in Restricted Territories will not be permitted to access the Prospectus.

HARBOUR ENERGY PLC

(Incorporated and registered in Scotland with registered number SC234781)

PROPOSED ACQUISITION OF THE TARGET PORTFOLIO

APPROVAL OF WAIVER OF THE OBLIGATION TO MAKE AN OFFER UNDER RULE 9 OF THE TAKEOVER CODE

NOTICE OF GENERAL MEETING

This Circular and all documents incorporated into it by reference should be read as a whole. Your attention is drawn to the letter from the Chair which is set out in Part I (*Letter from the Chair of Harbour Energy plc to Shareholders*) of this Circular and which contains a recommendation from the Directors that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Part II (*Risk Factors*) of this Circular includes a discussion of certain risk factors which should be taken into account when considering the matters referred to in this Circular.

A Notice of the General Meeting to be held at Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ at 10.00 a.m. on Friday, 5 July 2024 is set out in Part X (*Notice of General Meeting*) of this Circular. A Form of Proxy for use in connection with the General Meeting is enclosed with this Circular. The action to be taken by Shareholders in respect of the General Meeting is set out on page 15 of this Circular.

If you wish to vote by proxy, you are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar by not later than 10.00 a.m. on Wednesday, 3 July 2024 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). You can submit your proxy via the internet by accessing www.sharevote.co.uk. If you are a member of CREST you may be able to use the CREST electronic proxy appointment service. Institutional investors may be able to appoint a proxy electronically via the Proxymity platform. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 10.00 a.m. on Wednesday, 3 July 2024 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). For further details on the General Meeting and the restrictions relating to this, please refer to Part X (*Notice of General Meeting*) of this Circular.

As the Acquisition is classified as a reverse takeover under the Listing Rules, upon Completion, the listing of the Existing Ordinary Shares will be cancelled and applications will be made to the FCA for the Existing Ordinary Shares to be readmitted to the premium listing segment of the Official List (or the segment of the Official List for equity shares of commercial companies ("**ESCCs**"), if applicable at the time of application) and to the London Stock Exchange for the Existing Ordinary Shares to be readmitted to trading on the London Stock Exchange's main market for listed securities (together, "**Readmission**").

Applications will also be made to the FCA for the BASF Consideration Shares to be admitted to the premium listing segment of the Official List (or the segment of the Official List for ESCCs, if applicable at the time of application) and to the London Stock Exchange for the BASF Consideration Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (together, "**Admission**"). Readmission and Admission are expected to take place simultaneously. It is expected that Readmission and Admission will become effective, and that dealings in the Existing Ordinary Shares and the BASF Consideration Shares will commence, as soon as reasonably practicable once all the Conditions to Completion have been satisfied, which is currently expected to be in Q4 2024.

Barclays Bank PLC ("**Barclays**"), which is authorised by the Prudential Regulatory Authority ("**PRA**") and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively as sole sponsor and joint financial adviser to the Company and no one else in connection with the Acquisition and/or Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in connection with the Acquisition and/or Admission and will not regard any other person (whether or not a recipient of this Circular) as its client in relation to the Acquisition and/or Admission, the contents of this Circular or any matter or arrangement referred to in this Circular.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan**"), and is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA, is acting as financial adviser exclusively for the Company and no one else in relation to the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to the clients of J.P. Morgan or its affiliates, nor for providing advice in relation to the Acquisition or any other matter referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Barclays and/or J.P. Morgan by the FSMA or the regulatory regime established thereunder, neither Barclays and/or J.P. Morgan nor any of their respective affiliates accept any responsibility or liability whatsoever and make no representations or warranties, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification, or for any other statement made or purported to be made by the Company, or on the Company's behalf, in connection with Harbour Energy, the Enlarged Group, the Acquisition, Admission or the BASF Consideration Shares, and nothing contained in this document is, or shall be relied upon as, a promise or representation in this respect, whether or not as to the past or the future. Barclays and/or J.P. Morgan and their respective affiliates accordingly disclaim to the fullest extent permitted by applicable law all and any duty, liability or responsibility whatsoever (whether direct or indirect and whether arising in tort, contract, under statute or otherwise (save as referred to above)) which they might otherwise be found to have in respect of this document or any such statement.

Notice to all Shareholders

The contents of this document are not to be construed as legal, business or tax advice. Shareholders should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

Neither the Company, the Target Company nor any of their respective affiliates, directors, officers, employees or agents, is making any representation to any offeree, purchaser or acquirer of any Ordinary Shares regarding the legality of an investment in |Ordinary Shares by such offeree, purchaser or acquirer under the laws applicable to such offeree, purchaser or acquirer.

Notice to Overseas Shareholders

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law. No action has been taken by the Company to obtain any approval, authorisation or exemption to permit the possession or distribution of this document (or any other publicity material relating to the Acquisition) in any jurisdiction, other than in the United Kingdom.

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the distribution of this document. Persons into whose possession this document comes should inform themselves about and observe any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this document. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

This Circular is dated 12 June 2024.

CONTENTS

PRESENTATION OF INFORMATION

FORWARD-LOOKING STATEMENTS

This document incorporates by reference or contains certain statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "prepares", "anticipates", "expects", "intends", "may", "will", "would", "could", "target" or "should" or, in each case, their negative or other variations or comparable terminology, but all statements other than statements of historical fact may be forward-looking statements. These forward-looking statements appear in a number of places throughout this Circular and the information incorporated by reference into this Circular and include statements regarding the intentions, beliefs or current expectations of the Directors, the Company, BASF or the Target Company concerning, among other things, the operating results, financial condition, prospects, growth, leverage, strategies and dividend policy of the Company or the Target Company and the industry in which they operate.

Shareholders should specifically consider the factors identified in this document, which could cause actual results to differ, before making an investment decision. Forward-looking statements are not guarantees of future performance, and such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Harbour Energy, the Enlarged Group or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on beliefs, expectations and assumptions of the Directors and other members of senior management regarding Harbour Energy's and the Enlarged Group's present and future business strategies and the environment in which the Company, Harbour Energy or the Target Company will operate in the future. Although the Directors and other members of senior management believe that these beliefs and assumptions are reasonable, by their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond Harbour Energy's or the Enlarged Group's control. Harbour Energy's or the Enlarged Group's actual operating results, financial condition, dividend policy and the development of the oil and gas industry may differ materially from the impression created by the forward-looking statements contained in this document and/or the information incorporated by reference into this document. In addition, even if the operating results, financial condition and dividend policy of Harbour Energy and the Enlarged Group and the development of the oil and gas industry, are consistent with the forward-looking statements contained in this document and/or the information incorporated by reference into this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, general economic and business conditions, industry trends, competition, changes in government and other regulation, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, changes in political and economic stability and changes in business strategy or development plans and other risks. Such risks, uncertainties and other factors are set out more fully in Part II (*Risk Factors*) of this Circular.

Shareholders should carefully review Part II (*Risk Factors*) of this Circular for a discussion of factors that could cause Harbour Energy's and the Enlarged Group's actual results to differ materially from those expected before making an investment decision. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur.

These forward-looking statements speak only as at the date of this document. Except as required by the FCA, the London Stock Exchange or applicable law (including as may be required by the FCA's Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules), the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document, whether as a result of any change in events, conditions or circumstances or otherwise on which any such statement is based.

NO OFFER OF SECURITIES

This document does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security, including any Ordinary Shares to be issued in connection with the Acquisition. In particular, the Ordinary Shares to be issued in connection with the Acquisition have not been and will not be registered under the Securities Act and may not be offered or sold in the US absent registration or an applicable exemption from the registration requirements of the Securities Act.

PUBLICATION ON WEBSITE AND AVAILABILITY OF HARD COPIES

A copy of this document and all information incorporated into this document by reference to another source, will be made available on the Company's website at: https://www.harbourenergy.com/investors/acquisition-of-wintershall-dea-asset-portfolio/acquisition-documentation/ from the time this document is published. For the avoidance of doubt, the contents of any websites referred to in this document are not incorporated into and do not form part of this document.

If you have received this document in electronic form, you may request a hard copy of this document, and/or any information incorporated into this document by reference to another source, by writing to the Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, or by calling Equiniti between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday (excluding English and Welsh public holidays), on +44 (0)371 384 2030. Calls will be recorded and monitored for training and security purposes. You will need to provide your full name and the full address to which the hard copy or copies should be sent. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

PROFIT FORECASTS

As at the date of this document, there are no outstanding profit forecasts or estimates.

Unless otherwise stated, no statement in this document is intended as a profit forecast or estimate and no statement in this document should be interpreted to mean that earnings per share for the most recent, current or future financial years would necessarily match or exceed the historical published earnings per share.

PRESENTATION OF RESERVES AND RESOURCES

Unless otherwise stated, statements in this document relating to the reserves and resources attributed to Harbour Energy, the Target Company or the Enlarged Group have been prepared using the classification system set out in the Petroleum Resources Management System approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists & Engineers. These standards of reporting may be different from those adopted in the United States and other jurisdictions. Shareholders, therefore, should not assume that the data found in the reserves and resources information set forth in this document is directly comparable to similar information that has been prepared in accordance with the reserve and resource reporting standards of other jurisdictions.

Unless stated otherwise, all references to "reserves" are to proved plus probable ("**2P reserves**") and all references to "contingent resources" are to proved plus probable discovered hydrocarbons that are potentially recoverable ("**2C resources**") but not yet considered mature enough for commercial development due to technological or business hurdles (e.g. all required internal and external approvals are not yet in place).

The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. This document should be accepted with the understanding that reserves, resources and financial performance subsequent to the date of the estimates may necessitate revision. These revisions may be material. Unless otherwise stated, all information about the oil and gas reserves and resources attributable to the Target Company, and forward-looking production estimates and other geological information in relation thereto, has been extracted without material adjustment from the Target Company's competent persons report (the "**Target Company CPR**"), (which is incorporated by reference into this Circular). Unless otherwise stated, all information about the oil and gas reserves and resources attributable to Harbour Energy, and forward-looking production estimates and other geological information in relation thereto, has been extracted without material adjustment from the 2023 Annual Report.

PRESENTATION OF FINANCIAL INFORMATION

All financial information relating to the Target Portfolio contained in this document, unless otherwise stated, has been extracted from the combined historical financial information as at and for the years ended 31 December 2023, 2022 and 2021, as set out in Part VI (*Historical Financial Information relating to the Target Portfolio*) of this document, or from the Target Portfolio's accounting records used to prepare such financial statements. Unless otherwise stated in "*Note 2*" in Part VI (*Historical Financial Information relating* *to the Target Portfolio*), the accounting policies that have been applied are consistent with those used by Harbour Energy in its audited financial statements as at and for the year ended 31 December 2023.

ALTERNATIVE PERFORMANCE MEASURES

Harbour Energy utilises a range of alternative performance measures to assess Harbour Energy's performance. These are defined in the section of the 2023 Annual Report entitled "**Non-IFRS measures**", which together with the relevant paragraphs and sections of the 2023 Annual Report providing reconciliations of such alternative performance measures to IFRS, are incorporated by reference into and form part of this document.

NO INCORPORATION OF WEBSITE INFORMATION

Neither the contents of the Company's nor Wintershall Dea's website nor the content of any website accessible from hyperlinks on the Company's or Wintershall Dea's website is incorporated into, or forms part of, this document and Shareholders should not rely on them, without prejudice to the documents incorporated by reference into this document which will be made available on the Company's or Wintershall Dea's website.

THIRD PARTY INFORMATION

The Company confirms that all third party information contained in this document has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information is cited in this document, the source of such information is identified.

DEFINITIONS

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in the "**Definitions**" section, which is contained in Part IX (*Definitions*) of this Circular.

ROUNDING

Percentages and certain amounts included in this document have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be the precise sum of the figures that precede them.

CURRENCIES

Unless otherwise indicated in this document, all references to:

- "**pounds sterling**" or "**£**" or "**pence**" are to the lawful currency of the UK;
- "**US dollars**", "**dollars**", "**US$**", "**$**" or "**cents**" are to the lawful currency of the United States; and
- "**euro**" or "**€**" are to the lawful currency of the European Union (as adopted by certain member states).

Unless otherwise indicated, the financial information contained in this document has been expressed in US dollars. Harbour Energy presents its financial statements in US dollars.

INFORMATION ON THE TARGET PORTFOLIO

The information in this document relating to the Target Portfolio has been provided by Wintershall Dea.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Acquisition	21 December 2023
Publication and posting of this Circular and the Forms of Proxy	12 June 2024
Publication of the Prospectus in connection with the Company's application for Readmission and Admission	12 June 2024
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 3 July 2024
Voting Record Time	6.30 p.m. on 3 July 2024
General Meeting	10.00 a.m. on 5 July 2024
Completion	Q4 2024
Readmission and Admission and dealings in BASF Consideration Shares, fully paid, commence on the London Stock Exchange	Following Completion[4]

(1) These times and dates and those mentioned throughout this document may be adjusted by the Company in consultation with the Sponsor, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, to Shareholders by announcement through a Regulatory Information Service.

(2) References to times in this timetable are to London time.

(3) The timing of Completion remains uncertain and subject to the satisfaction or waiver of certain conditions contained in the Business Combination Agreement, including the receipt of certain regulatory consents and merger control and foreign direct investment clearances, details of which are set out in Part IV (*Terms and Conditions of the Acquisition*) of this Circular.

(4) As soon as reasonably practicable once all the conditions to completion of the Acquisition have been satisfied, which is currently expected to be in Q4 2024.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	R. Blair Thomas, *Chair* Linda Z. Cook, *Group Chief Executive Officer* Alexander Krane, *Group Chief Financial Officer* Simon Henry, *Senior Independent Non-Executive Director* Belgacem Chariag, *Independent Non-Executive Director* Alan Ferguson, *Independent Non-Executive Director* Andy Hopwood, *Independent Non-Executive Director* Louise Hough, *Independent Non-Executive Director* Margareth Øvrum, *Independent Non-Executive Director* Anne L. Stevens, *Independent Non-Executive Director* The business address of all of the Company's Directors is 23 Lower Belgrave St, London SW1W 0NR
Company Secretary	Rachel Rickard
Registered Office	4th Floor Saltire Court 20 Castle Terrace Edinburgh EH1 2EN United Kingdom
Joint Financial Adviser and Sponsor to the Company	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP United Kingdom
Joint Financial Adviser to the Company	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP United Kingdom
Legal Adviser to the Company	Clifford Chance LLP 10 Upper Bank Street London E14 5JJ United Kingdom
Auditor and Reporting Accountants to the Company	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom
Reporting Accountants	KPMG LLP 15 Canada Square London E14 5GL
Competent Person	DeGolyer and MacNaughton Corp. 5001 Spring Valley Road, Suite 800 East Dallas, Texas 75244 U.S.A.
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA United Kingdom

PART I—LETTER FROM THE CHAIR OF HARBOUR ENERGY PLC TO SHAREHOLDERS

(*Incorporated and registered in Scotland with registered number SC234781*)

Registered Office:

4th Floor
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN
United Kingdom

Directors:
R. Blair Thomas
Linda Z. Cook
Alexander Krane
Simon Henry
Belgacem Chariag
Alan Ferguson
Andy Hopwood
Louise Hough
Margareth Øvrum
Anne L. Stevens

12 June 2024

To all Harbour Shareholders, and, for information only, to participants in the Harbour Share Plans and persons with information rights

Dear Shareholder,

PROPOSED TRANSFORMATIONAL ACQUISITION OF TARGET PORTFOLIO BY HARBOUR ENERGY PLC

and

NOTICE OF GENERAL MEETING

1. Introduction

On 21 December 2023, the Company announced (the "**Announcement**") that it had reached an agreement with BASF and LetterOne, the shareholders of Wintershall Dea AG ("**Wintershall Dea**"), for the acquisition of substantially all of Wintershall Dea's upstream oil and gas assets including those in Norway, Germany, Denmark, Argentina, Mexico, Egypt, Libya and Algeria as well as Wintershall Dea's Carbon Capture and Storage ("**CCS**") licences in Europe (the "**Target Portfolio**") for $11.2 billion (the "**Acquisition**").

The Acquisition is expected to transform the Company into one of the world's largest and most geographically diverse independent oil and gas companies, increasing Harbour Energy's production to c.500 kboepd and adding significant positions in Norway, Germany, Argentina and Mexico to the Company's existing position as the largest London-listed independent oil and gas company. Importantly, the Acquisition will enhance Harbour Energy's reserve life, adding 1.1 bnboe of 2P reserves at $9.7/boe.

The Acquisition is accretive across all key metrics on a per share basis, including free cash flow which was a key criterion for the Company, and supports enhanced and sustainable shareholder returns. In addition, the Acquisition advances Harbour Energy's energy transition goals by shifting its portfolio towards natural gas, significantly lowering its GHG emissions intensity and expanding its already strong CCS interests into new European markets.

Consistent with its M&A track record, the Company will retain a strong financial position. In fact, the Acquisition transforms its capital structure and materially lowers its cost of financing. Further, the quality of the portfolio together with the way in which the Acquisition has been structured means that the Company is expected to receive investment grade credit ratings upon completion of the Acquisition (the "**Completion**"). This is another important step in the Company's journey, allowing it to access more liquid and lower cost sources of capital to support our future growth.

Consequently, the Board believes that the Acquisition will create substantial value for Shareholders and important benefits for Harbour's employees and other stakeholders and will position the Company for future success as a large, global diversified oil and gas producer.

I am therefore pleased to present this significant, value creating opportunity and recommend the Acquisition to Shareholders. The purpose of this letter is to: (i) explain the background to and reasons for the Acquisition; (ii) explain why the Directors believe that the Acquisition is in the best interests of the Company and its Shareholders taken as a whole; and (iii) recommend that, as a Shareholder, you vote in favour of the Resolutions to be proposed at the General Meeting.

A notice of the General Meeting, at which your approval will be sought for the Acquisition, is set out at the end of this document. In order to approve the Acquisition, the Resolutions must be approved by Shareholders who together represent a simple majority of the Ordinary Shares being voted (whether in person or by proxy) at the General Meeting. The Resolutions are described in further detail in paragraph 15 (*Shareholder approval*) of this letter, and are set out in Part X (*Notice of General Meeting*), of this document. Details of the action you should take in order to cast your votes at the General Meeting are set out in paragraph 16 (*Action to be Taken*) of this letter. The recommendation of the Directors is set out in paragraph 19 (*Recommendation*) of this letter.

2. Background to and reasons for the Acquisition

Background to the Acquisition

The Company was founded in 2014 with the ambition to build a geographically diverse, independent oil and gas company through the acquisition of high quality, conventional, producing assets. Since then, the Company has grown to become the largest London-listed independent oil and gas company by acquiring assets from motivated sellers and investing in those assets to add reserves and support future cash flow.

In 2023, Harbour Energy produced 186 kboepd, split broadly evenly between liquids and gas, from a 2P reserve and 2C resource base of 880 mmboe as at 31 December 2023. Over 90 per cent. of Harbour Energy's production is from the UK, with the balance from its assets in Southeast Asia. In addition, Harbour Energy has a portfolio of international growth opportunities including in Indonesia and Mexico and is progressing two carbon capture and storage projects in the UK, including the Harbour Energy-led Viking project.

Harbour Energy made its first acquisition in 2017, through local operating company Chrysaor Holdings Limited ("**Chrysaor**"), buying a package of UK North Sea assets from Shell for $3.0 billion (the "**Shell Acquisition**"). Harbour Energy subsequently acquired ConocoPhillips' UK business in 2019 for US$2.675 billion and, as a result of that acquisition, became the largest producer in the UK North Sea. In 2021, the Company merged with Premier Oil plc through a reverse takeover (the "**Premier Merger**") to create Harbour Energy plc. The Premier Merger added complementary UK assets as well as some high quality, international assets which provided a starting point for future diversification.

Since becoming a public company in 2021, the Company has been very clear about its aim to establish material production outside the UK by acquiring cash generative assets that improve the Company's reserve life, margins and GHG intensity. The Company believed that this in turn would strengthen its credit quality and support enhanced shareholder returns over the longer run.

The Board evaluated numerous M&A opportunities but maintained a disciplined approach throughout and, in December 2023, the Company announced the acquisition of the Target Portfolio. The Acquisition will mark the Company's fourth major acquisition since its foundation in 2014 and, in the Board's opinion, is the most transformational and compelling value proposition yet for Shareholders.

Reasons for the Acquisition

The Board believes the Acquisition is a strong strategic fit, in line with its stated M&A objectives, and offers a transformational value-creating opportunity for Shareholders.

The Acquisition:

(a) **Transforms Harbour Energy's scale and geographic diversification**

- Combined production of c.500 kboepd[1] and 2P reserves of 1.5 bnboe[2]
- Significant production of 175 kboepd[3] in Norway with additional material positions in Argentina, Egypt and Germany
- Combined revenue of $10.1 billion for 12 months to end December 2023

(b) **Adds high quality assets which are accretive to Harbour Energy's reserve life and margins**

- Increases Harbour Energy's 2P reserve life[4] to c.8 years with organic reserve replacement opportunities from c.1.8 bnboe[5] of combined 2C resources
- Enhances Harbour Energy's natural gas-weighting with combined natural gas production of over 300 kboepd[6] (c.60 per cent. of total production)
- Materially accretive to margins with lower combined opex[7] of c.$11/boe and exposure to advantaged markets (Brent for oil and TTF for European gas)

(c) **Supports Harbour Energy's Energy Transition goals**

- Step change in Harbour Energy's GHG emissions intensity, with lower combined pro forma net equity share Scope 1 & 2 CO_2e GHG emissions intensity of c.10 kgCO_2e/boe
- Adds to Harbour Energy's UK CCS projects a strong portfolio of European CCS projects with potential to store more than approximately 10 mtpa of CO_2 (net equity share) by 2035
- Harbour Energy's 2035 Net Zero commitment reaffirmed[8]

(d) **Significantly enhances Harbour Energy's financial strength**

- Material financial synergies with porting of existing Wintershall Dea Bonds with a nominal value of c.$4.9 billion, a weighted average coupon of c.1.8 per cent. and weighted average maturity of c.4.5 years
- Post Completion, the Company expects to receive investment grade credit ratings, increasing its access to low cost, diverse sources of capital
- Significantly increases the Company's per share free cash flow[9]

(e) **Enables enhanced and sustainable shareholder returns framework**

- Supports an increase in the Company's annual dividend from $200 million to c.$455 million, of which c.$380 million will be paid to holders of Ordinary Shares. This reflects a five per cent. increase in dividend per Ordinary Share to 26.25 cents[10]
- High quality portfolio, free cash flow accretion and significantly enhanced financial strength enable sustainable dividends over the long term
- Potential for additional returns, including through buybacks, in line with the Company's existing policy

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1 Based on 2023 production, as per the results presentations for the financial year ended 31 December 2023 for the Company.

2 Based on 2023 Annual Report and Target Company CPR.

3 Based on 2023 production, as Wintershall Dea's annual report for its 2023 fiscal year ("**WD 2023 Annual Report 2023**")

4 Based on year end 2023 2P reserves (as per the Company's 2023 Annual Report and Target Company CPR) and average 2024 production (as per management estimates).

5 Based on verified year end 2023 2C resources.

6 Based on 2023 production, as per the Company's 2023 Annual Report and WD 2023 Annual Report.

7 Direct operating costs (excluding over/under-lift), including insurance costs, mark to market movements on emissions hedges and tariff expense, less tariff income, divided by working interest production.

8 Scope 1 and 2 emissions on a gross operated basis.

9 Free cash flow is post tax and before distributions.

10 Based on 770.4 million existing Ordinary Shares and 1,440.1 million Ordinary Shares post-completion.

3. Funding structure

Under the terms of the business combination agreement entered into between the Company, BASF and LetterOne on 21 December 2023 as amended on 7 June 2024 (the "**Business Combination Agreement**"), the Company will acquire the Target Portfolio for $11.2 billion comprising:

- The porting of existing Wintershall Dea Bonds with a nominal value of c.$4.9 billion and a weighted average coupon of c.1.8 per cent. to Harbour Energy;
- Approximately 921.2 million new Company shares to be issued to BASF and LetterOne (the "**Consideration Shares**") at an agreed value of $4.15 billion or 360 pence per Ordinary Share, representing a premium of c.60 per cent. to the Company's 30-day volume weighted average share price of c.227 pence[11] prior to the Announcement, such that on Completion:
  - — BASF, a 72.7 per cent. shareholder in Wintershall Dea, will own 669.7 million Ordinary Shares or 46.5 per cent. of the Company's listed Ordinary Shares with the Company's current shareholders owning 53.5 per cent; and[12]
  - — LetterOne, a 27.3 per cent. shareholder in Wintershall Dea, will own 251.5 million non-voting, non-listed convertible ordinary shares with preferential rights (the "**Non-Voting Shares**"). If the Non-Voting Shares were to be converted into Ordinary Shares, the Company's current shareholders would own 45.5 per cent. of the Company; BASF and LetterOne would own 39.6 per cent. and 14.9 per cent., respectively; and
- $2.15 billion of cash consideration to be funded through cash flow generated from the Target Portfolio between the effective date of 30 June 2023 and Completion, and an underwritten bridge facility.

4. Terms of the Acquisition

The Acquisition constitutes a reverse takeover for the Company for the purposes of the Listing Rules, with the intention that the Company will apply to readmit its Ordinary Shares, and admit the BASF Consideration Shares, to listing on the London Stock Exchange on Completion.

The Acquisition is conditional therefore on, among other things:

- Shareholder approval at the General Meeting convened pursuant to this Circular;
- publication of an FCA approved prospectus (the "**Prospectus**");
- a Rule 9 Waiver having been granted in respect of BASF by the Takeover Panel, subject to the approval of the waiver by the independent shareholders of the Company;
- FCA and LSE approval of the admission of all BASF Consideration Shares ("**Admission**") and re-admission of all Existing Ordinary Shares ("**Readmission**") to listing on the premium segment of the Official List of the FCA (or a listing on the single category for equity shares in commercial companies if such new listing category as contemplated in FCA Consultation Paper CP23/31 has been implemented by the FCA and taken effect at the relevant time) and to trading on the main market of the London Stock Exchange; and
- satisfaction of certain regulatory, merger control, foreign direct investment and foreign subsidies regulation approvals in relevant jurisdictions.

It is anticipated that Completion will occur in Q4 2024. The Business Combination Agreement will be capable of being terminated if Completion has not occurred on or before 21 June 2025 (the "**Longstop Date**").

Further details on the Business Combination Agreement are set out in Part IV (*Terms and Conditions of the Acquisition*).

5. Integration

Harbour Energy has a strong track record in delivering large-scale transformation, as evidenced by the Premier Merger. Harbour Energy will leverage its experience from previous transactions, set out as part of

11 Based on 30 calendar days, as at 20 December 2023.

12 Prior to conversion of the Non-Voting Shares.

its transition planning, in delivering the Day 1 readiness and subsequent integration of the Target Company Group.

Harbour Energy, LetterOne and BASF have established a joint integration committee to provide for, among other things, a seamless integration of the two businesses and to ensure that the Enlarged Group will benefit from having access to the resources and being able to apply the practices and skills of both Harbour Energy and the Target Company Group. While detailed integration planning is yet to take place, it is anticipated that the current Harbour Energy organisation structure, based around fully-resourced country-level business units with assurance provided by—and additional resources available from—corporate centre functional groups, will be adopted for the organisational structure of the Enlarged Group.

6. Shareholder distributions

Harbour Energy's current shareholder returns policy is a $200 million annual dividend with excess capital returned to Shareholders via share buybacks. Given the Company's strategy and portfolio, this felt appropriate and has allowed Harbour Energy to retain flexibility for meaningful M&A while returning c.$1 billion to its Shareholders since the policy was set in 2021.

The Acquisition transforms the Company's portfolio and capital structure and, in the Announcement, the Company committed to increasing its dividend per Ordinary Share by five per cent. to signal its confidence in its future cash flow profile.

The Company recognises that the Acquisition will put it into a new peer group of established global independent oil and gas companies. The Company will use the coming months to assess its approach to shareholder returns while being mindful of balancing its other capital allocation priorities of safeguarding its balance sheet while maintaining expected investment grade credit ratings, and value accretive investment opportunities.

7. Governance and management

I will continue to chair Harbour Energy, with Linda Z. Cook and Alexander Krane remaining as Chief Executive Officer and Chief Financial Officer, respectively.

Following Completion, BASF will be entitled to nominate two non-executive directors to the Board provided BASF holds at least 25 per cent. of the Ordinary Shares, and one non-executive director in the event BASF holds between 10 per cent. and 25 per cent. of the Ordinary Shares.

While LetterOne itself is not a sanctioned entity, certain of LetterOne's minority ultimate beneficial owners are subject to sanctions administered by competent authorities of the UK, EU and US. No single ultimate beneficial owner holds more than 50 per cent. of the shares or voting rights in LetterOne. Following the imposition of such sanctions, LetterOne took immediate action to separate its business, investments and operations from its sanctioned minority ultimate beneficial owners and to freeze their interests, including in respect of voting rights attaching to shares held indirectly, in LetterOne. As a result, none of LetterOne's sanctioned minority ultimate beneficial owners have any involvement in, or influence over, LetterOne and LetterOne is neither owned nor controlled by sanctioned parties as those terms are understood in applicable sanctions law and guidance.

The Acquisition has been structured in a manner that balances (as far as possible) the respective interests of the Company's major stakeholders with the respective commercial interests of the parties in order to optimise the likelihood of a successful and timely Completion, and, as such, LetterOne will receive Non-Voting Shares as described above. LetterOne's Non-Voting Shares have no governance rights attached to them and, for so long as the described sanctions of certain ultimate beneficial shareholders remain in place, LetterOne will have no representation on the Board. Upon satisfaction of certain conditions, including receipt of relevant regulatory approvals (if applicable) and the absence of sanctions restrictions, LetterOne is able to convert its Non-Voting Shares into Ordinary Shares, after which LetterOne will be entitled to equivalent rights as BASF regarding the nomination of non-executive directors.

Harbour Energy's global business will continue to be headquartered in London and following Admission and Readmission, the Company will retain its premium listing on the Official List (or will be listed on the segment of the Official List for ESCCs, if applicable at the time of application) and will continue to be traded on the London Stock Exchange's main market for listed securities as Harbour Energy plc.

Substantially all of the current employees of the Target Portfolio will be transferred to Harbour Energy on Completion. In addition, Harbour Energy intends to take on some employees from Wintershall Dea's corporate headquarters.

8. Summary information on Wintershall Dea and Target Portfolio

Wintershall Dea is a leading European independent gas and oil company, headquartered in Kassel and Hamburg, Germany, with more than 120 years of experience as an operator and project partner across the entire exploration and production value chain. As at 31 December 2023, Wintershall Dea had gross assets of $18,497 million[13]. This does not reflect the gross assets of the defined perimeter of the Acquisition.

The Target Portfolio consists of Wintershall Dea's non-Russia related upstream oil and gas assets, including producing and development assets as well as exploration rights in Norway, Germany, Denmark[14], Argentina, Mexico, Egypt, Libya[15] and Algeria as well as Wintershall Dea's CCS licences in Europe.

Wintershall Dea's Russian assets are excluded from the Acquisition. This includes those assets located in Russia and those held through joint ventures with Russian majority state-owned energy corporation Gazprom outside of Russia.[16] WIGA Transport Beteiligungs-GmbH & Co. KG (50.02 per cent. Wintershall Dea / 49.98 per cent. SEFE, registered in Kassel, Germany) is also not part of the asset perimeter.

9. Summary financial information on the Target Portfolio

	2021	2022	2023
		($ million)	
Revenue	4,892	7,984	6,337
Other income	66	57	43
Revenue and other income	**4,958**	**8,041**	**6,380**
Cost of operations	(2,927)	(2,942)	(3,128)
Net impairment on assets	6	(188)	111
Exploration and evaluation expenses	(46)	(56)	(78)
Exploration cost written off	(193)	(28)	(72)
Gain/losses on disposal	25	(128)	(10)
General and administrative expenses	(348)	(367)	(412)
Operating profit	**1,475**	**4,332**	**2,791**
Finance income	292	301	497
Finance expenses	(465)	(518)	(713)
Profit before taxation	**1,302**	**4,115**	**2,575**
Income tax expense	(1,357)	(3,334)	(2,028)
(Loss)/profit for the year	**(55)**	**781**	**547**

10. Current trading and prospects of Harbour Energy

The Company issued its unaudited trading and operations update for the first quarter of 2024 (the "**Q1 2024 Update**") on 9 May 2024. Since 31 December 2023, the financial and operational performance of Harbour Energy has been stable and in line with the expectations of the board of Directors of the Company. Harbour Energy has continued to deliver safe and responsible operations, maximise the value of its UK production base through targeted investment and advance its organic growth projects. In its Q1 2024 Update, the Company reiterated its guidance to the market for the Harbour Energy business, including for production, operating costs and total capital expenditure.

13 €16,756 million, using Bloomberg's closing EUR/USD spot exchange rate as at 31 December 2023 of 1.1039.

14 Excluding the Ravn field

15 Excluding Wintershall Aktiengesellschaft.

16 Wintershall Dea Noordzee B.V. (50 per cent. Wintershall Dea / 50 per cent. Gazprom, registered in Rijswijk, The Netherlands), Wintershall Aktiengesellschaft (51 per cent. Wintershall Dea / 49 per cent. Gazprom, registered in Celle, Germany) and Nord Stream AG (15.5 per cent. Wintershall Dea / 51 per cent. Gazprom, registered in Zug, Schweiz)

11. Current trading and prospects of the Target Company Group

Since 31 December 2023, the financial and operational performance of the Target Company Group has been stable and in line with the expectations of the management of Wintershall Dea. The Target Company Group's production, operating costs and capital programme remains consistent with the performance at the end of 2023, underpinned by a significant reserve and resource base, well-established operators with deep in-country operating experience and strong stakeholder relationships.

12. Further information on the terms of the Acquisition

Additional financing details

The Wintershall Dea Bonds form part of the Target Portfolio to be acquired by Harbour Energy and the liabilities in respect of the Wintershall Dea Bonds will be assumed by Harbour Energy at Completion. Completion will not trigger a change of control (as defined in the relevant terms and conditions of the Wintershall Dea Bonds) or a bond investor put right given the Company's expected investment grade credit rating status.

In addition to the underwritten $1.5 billion bridge facility, Harbour Energy has secured a new underwritten $3.0 billion unsecured revolving credit and letter of credit facility to cover its letter of credit requirements and to provide additional liquidity. This will replace its existing RBL Facility.

Following Completion and conditional upon the average price of Brent oil in certain agreed test periods, potential contingent payments of up to a maximum of $300 million may be made by Harbour Energy to BASF and LetterOne at six monthly intervals commencing from 18 months following Completion.

Acquisition Financing

On 5 March 2024 certain members of Harbour Energy entered into a bridge facility agreement (the "**BFA**") with, among others, DNB Bank ASA, London Branch as facility agent, pursuant to which an up to US$1,500,000,000 bridge facility is made available by the lenders thereunder.

The purpose of the BFA is to fund a proportion of the purchase price of the Acquisition, and any associated acquisition costs, and is expected to be drawn, to the extent required, at Completion in Q4 of 2024. The BFA contains customary certain funds provisions to protect the ability of Harbour Energy to fund the Acquisition by restricting the recourse of lenders to certain drawstop and acceleration rights during the period in which the bridge facility is available to be drawn down. Please see paragraph 9.1(H) of Part VIII (*Additional Information*) for more information.

Other key details of the Acquisition

LetterOne will not be permitted to acquire any Ordinary Shares for a period of six months following Completion and, LetterOne will not be able to hold more than (i) 19.99 per cent. of the Company's issued share capital; or (ii) 5 per cent. of the Ordinary Shares (on a fully diluted basis).

The dividend payable on each Non-Voting Share will be at a 13 per cent. premium to any dividend payable in respect of each Ordinary Share, reflecting the fact that the Non-Voting Shares are unlisted and do not have voting rights attached to them.

13. Taxation

The Acquisition does not involve existing Shareholders disposing of their Ordinary Shares or acquiring additional Ordinary Shares. As such, the Acquisition is not expected to result in a taxable disposition of Ordinary Shares by existing Shareholders for UK or US tax purposes. The contents of this document are not to be construed as tax advice and each Shareholder should consult its own tax adviser for tax advice in relation to its holding of Ordinary Shares.

14. Listing, dealing and settlement

The Company will, through its Sponsor, be required to apply to the FCA and to the London Stock Exchange for:

(a) the current listing of the Existing Ordinary Shares to be cancelled and the Existing Ordinary Shares to be re-admitted upon Completion to the premium listing segment of the Official List (or the segment of the Official List for ESCCs, if applicable at the time of application) of the FCA and to trading on the main market for listed securities of the London Stock Exchange; and

(b) the BASF Consideration Shares to be admitted upon Completion to the premium listing segment of the Official List (or the segment of the Official List for ESCCs, if applicable at the time of application) of the FCA and to trading on the main market for listed securities of the London Stock Exchange.

No such applications to the FCA or the London Stock Exchange in respect of Readmission or Admission have been made yet (and there have been no discussions in respect of such applications). There is also no guarantee that such applications will be accepted or that the share capital of the Enlarged Group (including the BASF Consideration Shares) will be deemed eligible for Readmission or Admission, as applicable. Given that Completion is conditional on the FCA and the London Stock Exchange having confirmed to the Company that applications for Admission and Readmission have been approved, if Admission does not occur by the Longstop Date, the Business Combination Agreement will terminate.

Upon Admission, the BASF Consideration Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid on the Ordinary Share capital of the Company with a record date on or after the date of allotment.

The Non-Voting Shares will not be admitted to listing therefore no application will be made in respect of the Non-Voting Shares to the FCA or the London Stock Exchange. The rights and restrictions attaching to the Non-Voting Shares are set out in full in the Annex to the Notice of General Meeting set out in Part X (*Notice of General Meeting*) of this document.

The Company will publish the Prospectus in connection with its applications for Readmission and Admission on or around the date of this Circular. The Prospectus will contain, amongst other things, further details on settlement, listing and dealing.

15. Shareholder approval

General Meeting

The Acquisition, due to its classification as a reverse takeover of the Company pursuant to the Listing Rules, requires the approval of the Shareholders.

Accordingly, a notice convening a General Meeting to be held at Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ at 10.00 a.m. on Friday, 5 July 2024 at which the Resolutions will be proposed is set out in Part X (*Notice of General Meeting*) of this document (the "**Notice of General Meeting**"). The purpose of the General Meeting is to consider and, if thought fit, pass the Resolutions, as set out in full in the Notice of General Meeting.

The Resolutions propose that:

1. Resolution 1—the proposed acquisition of the Target Company by the Company on the terms and subject to the conditions set out in the Business Combination Agreement and all other associated agreements and ancillary arrangements related to the Business Combination Agreement or the Acquisition, be approved;

2. Resolution 2—the waiver granted by the Takeover Panel of the obligations that would otherwise arise pursuant to Rule 9 of the Takeover Code on BASF or any person acting in concert with BASF to make an offer for the entire issued share capital of the Company as a result of (i) the issue to BASF of the BASF Consideration Shares pursuant to the Business Combination Agreement, and/or (ii) the exercise by the Company of the Buyback Authority, be approved; and

3. Resolution 3—the Directors be authorised to exercise all of the powers of the Company to allot the BASF Consideration Shares and the Non-Voting Shares (and, in the case of the Non-Voting Shares, on the terms and with the rights set out in the Annex to the Notice of General Meeting), up to an aggregate nominal value £18,424.0448, required to be allotted and issued to BASF and LetterOne

respectively in connection with the Acquisition, in accordance with section 551 of the Companies Act 2006.

Please note that the above does not set out the full text of the Resolutions and you should read this paragraph 15 in conjunction with the Notice of General Meeting set out in Part X (*Notice of General Meeting*) of this document. The Resolutions will be proposed as ordinary resolutions.

Irrevocable Undertakings

In addition to the irrevocable undertakings received from the Directors and certain of their connected persons referred to in paragraph 19 (*Recommendation*) below, EIG Asset Management LLC, EIG Separate Investments (Cayman) LP, Potomac View Investments LP, Control Empresarial de Capitales, S.A. de C.V., certain funds, affiliates and/or accounts of Fortress Investment Group LLC ("**Fortress**"), Schroders Investment Management Limited, San Bernardino County Employees' Retirement Association, Clareant SCF S.à.r.l., Cetus Capital III, LP, Cetus Capital VI, LP, Littlejohn Opportunities Master Fund LP, OFM II, LP and VSS Fund, LP have each irrevocably undertaken to vote in favour of the Resolutions to be proposed at the General Meeting in respect of their holdings of Ordinary Shares, which as at the Latest Practicable Date, amounted to 233,768,491 Ordinary Shares representing, in aggregate, approximately 30.34 per cent. of the Company's issued Ordinary Share capital as at close of business on the Latest Practicable Date.

Further details of the irrevocable undertakings are set out in paragraph 8.2 (*Harbour Shareholders*) in Part VIII (*Additional Information*).

16. Action to be taken

You will find enclosed with this document the Form of Proxy for use at the General Meeting or at any adjournment thereof. You are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible to, but in any event so as to be received no later than 10.00 a.m. on Wednesday, 3 July 2024 by the Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. You can also submit your proxy via the internet by visiting www.sharevote.co.uk. CREST members may also choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notice convening the General Meeting at Part X (*Notice of General Meeting*) of this document. Institutional investors may be able to appoint a proxy electronically via the Proxymity platform. The lodging of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting at the General Meeting in person if you so wish.

17. Further Information

In considering whether to vote in favour of the Resolutions and to approve the Acquisition, you should read the whole of this document, as well as the information incorporated by reference into this document, and not merely rely on the summarised information contained in this Part I (*Letter from the Chair of Harbour Energy plc to Shareholders*). In particular, your attention is drawn to the further information contained in Part II (*Risk Factors*) and the other parts of this document and to the information incorporated by reference into this document as listed in paragraph 16 of Part VIII (*Additional Information*) of this document.

The results of the votes cast at the General Meeting will be announced as soon as possible once known through a Regulatory Information Service and on the Company's website (www.harbourenergy.com). It is expected that this will be on 5 July 2024.

18. Financial advice

The Directors have received financial advice in relation to the Acquisition from Barclays (as joint financial adviser) and J.P. Morgan (as joint financial adviser). In providing their financial advice, Barclays and J.P. Morgan have taken into account the Directors' commercial assessments of the Acquisition.

19. Recommendation

The Board considers the Acquisition to be in the best interests of the Company and its Shareholders taken as a whole. Accordingly, the Board unanimously recommends that Shareholders vote (or procure votes) in favour of the Resolutions at the General Meeting, as those Directors who hold Ordinary Shares intend to do (or procure to be done), in respect of their own legal and beneficial holdings, which amount to 13,655,036 Ordinary Shares representing, in aggregate, approximately 1.77 per cent. of the Company's issued Ordinary Share capital as at close of business on the Latest Practicable Date. In addition, the Directors, who have been so advised by Barclays, believe that the Rule 9 Waiver Resolution is fair and reasonable and in the best interests of the independent Shareholders and the Company as a whole. In providing advice to the Directors, Barclays has taken into account the Directors' commercial assessments.

Yours faithfully,

R. Blair Thomas
Chair

PART II—RISK FACTORS

Shareholders should be aware that a shareholding in the Company involves a degree of risk. In addition to the other information contained in, or incorporated by reference into this document, the following risk factors should be considered carefully in evaluating whether to vote in favour of the Resolutions.

The risk factors in this document set out the necessary disclosure in accordance with the Listing Rules, and do not seek to cover all of the material risks which generally affect Harbour Energy.

The risks and uncertainties described below represent those known to the Board as at the date of this document which the Board consider to be material risks relating to the Acquisition, in addition to material risks relating to the Enlarged Group which result from or are impacted by the Acquisition. However, these risks and uncertainties are not the only ones facing Harbour Energy or, following Completion, the Enlarged Group. Additional risks and uncertainties that do not currently exist or that are not currently known to the Board, or that the Board currently considers to be immaterial, could also have a material adverse effect on the business, results of operations, financial condition or prospects of Harbour Energy or, following Completion, the Enlarged Group.

If any or a combination of the events described below actually occurs, the business, results of operations, financial conditions or prospects of Harbour Energy or, following Completion, the Enlarged Group could be materially and adversely impacted. In such case, the market price of the Ordinary Shares could decline and investors may lose all or part of their investment.

Shareholders should read this document as a whole and not rely solely on the information set out in this section.

SECTION A: RISKS RELATING TO THE ACQUISITION

1. ***The Acquisition is conditional upon certain conditions which may take longer to satisfy than expected or may not be satisfied, as a result of which the Acquisition may not be implemented on its current terms, in a timely manner or possibly at all***

   The Acquisition is subject to the satisfaction (or waiver, where applicable) of certain conditions contained in the Business Combination Agreement (which is summarised in more detail in Part IV (*Terms and Conditions of the Acquisition*) of this document, including, among other things: (i) the approval of the Resolutions by Shareholders at the General Meeting; (ii) the Spin-off having been registered with the commercial register of Wintershall Dea and thereby having become effective; (iii) consent having been obtained from the relevant regulatory authorities, including amongst others in the United Kingdom, Mexico, Denmark and Algeria; (iv) merger control clearances or non-objections having been obtained from, amongst others, the relevant competition authority in COMESA, Mexico and Ukraine; (v) foreign direct investment clearance having been obtained from the relevant authorities in the United Kingdom; (vi) a clearance having been obtained from the European Commission under the Foreign Subsidies Regulation (Regulation (EU) 2022/2560); (vii) none of the parties to the Business Combination Agreement being subject to sanctions restrictions and Completion not causing any such party to be in violation of certain sanctions laws; and (viii) Completion having occurred by no later than 21 June 2025. While the merger control conditions in the United Kingdom and the European Union, the foreign direct investment condition in Denmark and Germany, the regulatory consent conditions in Norway and Egypt and the registration of Harbour Argentina with the Federal Oil Companies Registry in Argentina have been satisfied, there is no guarantee that the remaining outstanding conditions will be satisfied (or waived, if applicable), in which case the Acquisition would not be implemented on its current terms or possibly at all.

   Whilst it is currently anticipated that Completion will occur in Q4 2024, no assurance can be given that all of the conditions to Completion will have been satisfied (or waived, if applicable) by such time. In the event that the conditions to Completion have not been satisfied (or waived, if applicable) by 17.00 CET on 21 June 2025, being the long stop date for Completion in the Business Combination Agreement, then absent agreement being reached between the parties to the Business Combination Agreement to extend the long-stop date, the Business Combination Agreement will terminate.

   If the Acquisition does not proceed to Completion as a result of any of the above conditions not being satisfied (or waived, if applicable), the benefits expected to result from the Acquisition will not materialise either at all or in part. The market price of the Ordinary Shares may decline if, among other reasons, the Acquisition does not proceed to Completion.

2. ***The anticipated benefits from the Acquisition will depend on the Enlarged Group's ability to ensure operational performance and business continuity on transfer of the Target Portfolio's assets and to successfully integrate the Target Portfolio into Harbour Energy***

The Enlarged Group may fail to adequately ensure the continued safe operational performance and business continuity on transfer of the assets included in the Target Portfolio. The Enlarged Group may also encounter transition and integration challenges in connection with the Acquisition, including challenges which are not currently foreseeable.

Successful execution of the Acquisition will include properly planning and executing the transition of the acquired businesses, operating assets, organisational structures (including the appropriate resourcing of that organisation) and processes, controls and systems of the Target Portfolio, and ensuring that Harbour Energy and the Target Portfolio continue to operate safely and without interruptions on Completion. The consequences of the transition process may, at least initially, lead to increased complexity, job security concerns, increased workloads, disengagement or loss of key staff which in turn may have an adverse impact on business continuity and/or the safe operational performance of the business.

Furthermore, integrating the acquired businesses, operating assets, organisational structures and processes, controls and systems of the Target Portfolio post Completion may prove more difficult, be more expensive or take longer than anticipated. Integration may, at least initially, lead to increased complexity, job security concerns, increased workloads, disengagement or loss of key staff which in turn may have an adverse impact on business continuity and/or the safe operational performance of the business. Integration of the Target portfolio into the Enlarged Group may initially disrupt the Enlarged Group's business for reasons including differences in operational and business culture, cost saving measures, difficulty preserving existing supplier or other important commercial relationships, unforeseen legal, fiscal, regulatory, labour or contractual issues arising from the Acquisition, or difficulty maintaining effective internal controls over cash flows and expenditures. The integration process may take longer than expected, or difficulties relating to the integration, of which the Directors are not yet aware, including unforeseen operating difficulties or fiscal uncertainties, may arise and pose management, administrative and financial challenges. Unexpected difficulties during the integration process may result in the need for senior management to devote more of their time and focus on the integration process which may have an adverse impact on other aspects of the business. The actual costs of the transition, integration and post-Completion process may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Acquisition. The occurrence of any of the above could adversely affect the delivery of the anticipated benefits from the Acquisition or result in greater costs and the Enlarged Group may not be successful in addressing risks or problems encountered in connection with the integration and failure to do so may adversely affect its business or financial condition.

The Enlarged Group may also be subject to personnel-related risks arising from the Acquisition. Members of the Target Portfolio workforce or existing employees of Harbour Energy may become distracted or disengaged from maintaining the performance of the Target Portfolio or Harbour Energy as a result of uncertainty associated with the Acquisition. In particular, a number of employees who are considered to be instrumental in ensuring a smooth transition and/or successful integration of the Target Portfolio into Harbour Energy may resign as a result of the Acquisition. In addition, the ability to achieve the anticipated benefits of the Acquisition is dependent upon a number of personnel-related factors, some of which may be beyond the control of the Enlarged Group including, for example, the ability of Harbour Energy personnel and the Target Portfolio personnel to work together effectively and efficiently in the new organisation.

The market price of the Ordinary Shares may decline as a result of the Acquisition if, among other reasons, the integration of Harbour Energy and the Target Portfolio is delayed or unsuccessful or the Enlarged Group fails to ensure the continued safe operational performance and business continuity on transfer of the Target Portfolio assets.

3. ***Acquisition-related costs may exceed the Company's expectations and may affect the Company's ability to realise the anticipated benefits of the Acquisition in a timely manner or possibly at all***

Harbour Energy expects to incur costs in relation to the Acquisition, including transition, integration and post-completion costs in order to integrate Harbour Energy and the Target Portfolio. To assist the integration process, a transitional services agreement (the "**TSA**") was entered into on 19 April 2024 in connection with the Acquisition pursuant to which certain transitional services are to be provided by Wintershall Dea to the Company to facilitate business continuity and migration planning and implementation. If the TSA fails to deliver the anticipated benefits, the actual costs of the transition and integration process may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Acquisition. In addition, Harbour Energy will incur legal, accounting and transaction fees and other costs relating to the Acquisition, some of which are payable whether or not the Acquisition is completed. Further details of the TSA are set out in paragraph 9.1(M) (*Transitional Services Agreement*) of Part VIII (*Additional Information*) of this Circular.

The market price of the Ordinary Shares may decline as a result of the Acquisition if, among other reasons, the effect of the Acquisition on the Company's financial results, including the actual costs of the transition and integration process (for example, in connection with ensuring effective workforce integration) and Acquisition-related costs, is not consistent with the expectations of investors. The market price of the Ordinary Shares may also decline as a result of the Acquisition if the integration of Harbour Energy and the Target Portfolio is delayed or unsuccessful or the anticipated benefits of the Acquisition fail to materialise.

4. ***Harbour Energy and, following Completion, the Enlarged Group may be subject to unforeseen liabilities and risks arising from liabilities or third party rights related to the Target Portfolio of which Harbour Energy is unaware or from Harbour Energy's and, following Completion, the Enlarged Group's inability to enforce its contractual or other rights in connection with the Acquisition***

Whilst Harbour Energy has had access to certain available information on the Target Portfolio and has reviewed information disclosed by BASF and LetterOne during the sale process, there can be no assurance that material assets held by members of the Target Portfolio are not subject to third party rights and liabilities of which Harbour Energy is unaware. Whilst some limited warranty protection in respect of fundamental warranties is provided for by BASF and LetterOne under the Business Combination Agreement, these warranties are subject to limitations and there is no certainty that Harbour Energy would be able to enforce its contractual or other rights against BASF and LetterOne. The market price of Ordinary Shares may decline as a result of the Acquisition if, among other reasons, material assets held by subsidiaries of the Target Company are subject to liabilities or third party rights of which Harbour Energy is unaware or if Harbour Energy is unable to enforce its contractual or other rights against BASF and LetterOne as and when expected, or at all. Further details of the Business Combination Agreement are set out in set out in Part IV (*Terms and Conditions of the Acquisition*) of this document.

5. ***The Business Combination Agreement contains covenants and warranties in favour of BASF and LetterOne and potential liabilities arising from any breaches could have an adverse effect on Harbour Energy and, following Completion, the Enlarged Group's, cash flow and financial condition***

Under the Business Combination Agreement, Harbour Energy has given covenants and certain fundamental warranties to BASF and LetterOne, which are customary for a transaction of this nature. Further details of the Business Combination Agreement are set out in Part IV (*Terms and Conditions of the Acquisition*) of this document. If Harbour Energy were to breach any of the covenants or fundamental warranties and be required to make payments under any of the provisions described above, this could have an adverse effect on its and, following Completion, the Enlarged Group's cash flow and financial condition. The market price of the Ordinary Shares may decline as a result of the Acquisition if, among other reasons, the effect of the Acquisition on the Company's financial results, including the effect on the Enlarged Group's cash flow and financial condition resulting from any of the payments described above, is not consistent with the expectations of investors.

6. ***Readmission and Admission may not occur when expected***

Completion is conditional upon (among other things) the FCA and the London Stock Exchange having confirmed to Harbour Energy that applications relating to Admission have been approved by no later than 21 June 2025, or such other date as BASF, LetterOne and Harbour Energy may agree in writing.

Readmission of the Ordinary Shares and Admission of the BASF Consideration Shares, to trading on the London Stock Exchange's main market for listed securities will become effective as soon as a dealing notice has been issued by the FCA and the London Stock Exchange has acknowledged that the Ordinary Shares and the BASF Consideration Shares will be admitted to trading. There can be no guarantee that any conditions to which the Readmission and the Admission are subject will be met or that the FCA will issue a dealing notice.

SECTION B: RISKS RELATING TO HARBOUR ENERGY AND, FOLLOWING COMPLETION, THE ENLARGED GROUP AS A RESULT OF THE ACQUISITION

Host Government Political and Fiscal Risks

1. ***Harbour Energy's production is currently concentrated in the United Kingdom exposing it to adverse or uncertain political, regulatory or fiscal developments and other risks associated with having the substantial majority of its production in one region***

   As of 31 December 2023, over 90 per cent. of Harbour Energy's production came from the UKCS offshore fields. From 1 January 2023 to 31 December 2023, Harbour Energy's net average daily production was 175 kboepd from the producing assets in the UK.

   As Harbour Energy's current production is substantially UK focused, significant changes to UK governmental regulation of oil and gas production could have a material impact on Harbour Energy and, following Completion, the Enlarged Group. During 2022, the UK Government enacted, and subsequently expanded, an EPL on oil and gas producers in the country. The EPL has increased the tax paid by Harbour Energy and, following Completion, which will be payable by the Enlarged Group and has thereby impacted and will impact profits and cash flow, reducing the debt capacity of the Company and, following Completion, the Enlarged Group and created uncertainty regarding the attractiveness of existing and prospective investments in the UK, and those of Harbour Energy's joint venture partners in the region. More specifically, the EPL initially applied at a rate of 25 per cent. but was then increased to 35 per cent. from January 2023 to March 2028. This tax has resulted in Harbour Energy's headline UK tax rate being 75 per cent., which reduces both profits and cash flows. On 9 June 2023, the UK government proposed the introduction of the Energy Security Investment Mechanism (the "**ESIM**") which would end the imposition of EPL earlier than 31 March 2028 where certain conditions are met. Under the proposed ESIM, if both average oil and gas prices fall to, or below, $71.40 per barrel for oil and £0.54 per therm for gas, for two consecutive quarters, then EPL will be repealed and the headline tax rate on UK oil and gas profits will return to 40 per cent. Whilst the measure is expected to be legislated for during the 2023-24 session of Parliament, oil and gas prices are not expected to fall to, or below, the quoted triggers before the existing EPL end date of 31 March 2029. The change as currently proposed is therefore not expected to materially alleviate the impact of the EPL on Harbour Energy or, following Completion, the Enlarged Group. In addition, a UK general election is currently expected to take place in late 2024 and the outcomes of this could result in further fiscal and regulatory developments which might adversely impact Harbour Energy and, following Completion, the Enlarged Group.

   A significant proportion of Harbour Energy's existing production is in the UKCS and, following Completion, the Enlarged Group's production will be in UKCS and the Norwegian Continental Shelf (the "**NCS**"). These areas, like other oil producing regions, are prone to difficult weather conditions that can in some cases prevent Harbour Energy and, following Completion, the Enlarged Group from transporting supplies, personnel and fuel to its facilities, each of which can cause production shut downs or slow downs. If mechanical problems, storms or other events curtail a substantial portion of Harbour Energy and, following Completion, the Enlarged Group production or cause damage to any of its facilities, it may have unpredictable and materially adverse impacts on its results of operations and financial condition.

   As a result of a significant proportion of Harbour Energy's existing production being in the UKCS and, following Completion, the Enlarged Group's production being in the UKCS and the NCS, it may be disproportionately exposed to the effect of regional supply and demand factors, delays or interruptions of production from wells in this area caused by processing or transportation capacity constraints, availability of equipment, equipment failure, facilities, personnel or services market limitations, weather events, interruption of the processing or transportation of oil or governmental regulation. Failure to engage constructively with the UK, Scottish and Norwegian governments and regulators, including for example, the North Sea Transition Authority (the "**NSTA**"), the UK Department for Energy Security and Net Zero (the "**DESNZ**"), HM Treasury and the Norwegian Offshore Directorate or to comply with the requirements of these and other regulatory bodies could result in penalties, a negative reputational impact and/or other impediments to Harbour Energy's and, following Completion, the Enlarged Group's UK and Norway operations.

2. ***Harbour Energy may be exposed to adverse or uncertain political, security, economic, legal, regulatory and social developments in the territories where it operates or maintains interests and, following Completion, where the Enlarged Group will operate or maintain interests which may affect its existing business or reduce the attractiveness of potential new investments in the territory***

Harbour Energy operates or maintains interests and, in the future the Enlarged Group will operate or maintain interests, in some countries where political, security, public health, economic, legal, regulatory and social transition is taking place or where there are sovereignty disputes. In addition, changes or uncertainty regarding future changes in politics, security, laws and regulations in the countries in which Harbour Energy operates or maintains interests and, following Completion, in which the Enlarged Group will operate or maintain interests, or which affect third parties with whom Harbour Energy does business and with whom the Enlarged Group will do business, could affect operations and earnings and reduce the attractiveness of prospective investments in such countries. Such circumstances could include:

- forced divestment of assets, including expropriation and nationalisation of property;
- failure to receive the necessary governmental or corporate approvals for projects, the withdrawal of any required approvals, the suspension of projects or the renegotiation or nullification of existing concession contracts;
- limits on production or cost recovery;
- import and export restrictions;
- legal or practical restrictions on the free convertibility of local currencies;
- imposition of sanctions or similar measures in respect of countries of operation or interest or in respect of partners, suppliers or customers of Harbour Energy and the Enlarged Group;
- changes to legislation due to climate change and other environmental regulations, such as carbon takeback obligations;
- international conflicts including war;
- civil unrest and local security concerns that threaten the operation of Harbour Energy's and, following Completion, the Enlarged Group's facilities;
- independence movements seeking to gain national sovereignty, for example a future Scottish referendum on independence;
- price controls;
- lack of predictability or adverse changes to the operational, regulatory, legal or fiscal regime, including changes in oil or gas pricing or taxation policy;
- uncertain implementation of legislation and difficulties in ascertaining (or enforcing) Harbour Energy's and, following Completion, the Enlarged Group's legal obligations and rights, including adverse retrospective amendment and/or cancellation of contractual rights;
- excessive local content requirements; and
- outbreak of severe communicable diseases, such as COVID-19, which may be widespread and uncontrolled.

It is difficult to predict the timing or severity of these occurrences or their potential effect. However, if any of these events were to occur, they could have a material adverse effect on the employees, reputation, business, operating results, financial condition or prospects of Harbour Energy and, following Completion, the Enlarged Group.

Certain countries in which Harbour Energy has and, following Completion, the Enlarged Group will have operations also have potential issues relating to transportation, telecommunications and financial services infrastructures that may present logistical challenges not usually present whilst doing business in more developed countries. Countries in which Harbour Energy operates, or in which the Enlarged Group may operate following Completion, and third parties such as partners, customers and suppliers with whom Harbour Energy does business or with whom the Enlarged Group may do business following Completion, could become subject to trade, economic or other sanctions or similar measures affecting the ability of Harbour Energy or the Enlarged Group to carry on business in relevant countries or with relevant third parties or otherwise disrupting the operations of Harbour Energy or the Enlarged Group.

Harbour Energy may have less significant or no previous experience in these countries and failure to comply with applicable laws or regulations or a lack of familiarity with governments or key stakeholders may lead to delays, a temporary disruption in operations or shut down of production.

3. ***Harbour Energy and, following Completion, the Enlarged Group may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates in the jurisdictions in which it conducts its business***

Harbour Energy does, and following Completion, the Enlarged Group will do, business in more than one jurisdiction and its profits are and will be taxed according to the tax laws of such jurisdictions. Jurisdiction by jurisdiction fluctuations in tax rates can have an impact on projects and make certain projects less economically viable. Harbour Energy's, and following Completion, the Enlarged Group's, tax position, including their effective tax rate, may be affected by changes in tax laws, uncertain tax positions or interpretations of tax laws in any jurisdiction and in any financial year will reflect a variety of factors that may not be present in succeeding financial years. As a result, Harbour Energy's, and following Completion, the Enlarged Group's tax position may increase in future periods, which could have a material adverse effect on Harbour Energy's, and following Completion, the Enlarged Group's, financial results and, specifically, its net income, cash flow and earnings may decrease.

Tax regimes in certain jurisdictions can be subject to differing interpretations and tax rules in any jurisdiction are subject to legislative change and changes in administrative and regulatory interpretation. The interpretation by Harbour Energy's, and following Completion, the Enlarged Group's, relevant subsidiaries of applicable tax law as applied to their transactions and activities may not coincide with that of the relevant tax authorities. As a result, transactions may be challenged by tax authorities and any of Harbour Energy's, and following Completion, the Enlarged Group's, profits from activities in those jurisdictions may be subject to additional tax or additional unexpected transactional taxes (e.g. stamp duty, value added tax or capital gains tax) may arise, which, in each case, could result in significant legal proceedings and additional taxes, penalties and interest, any of which could have a material adverse impact on Harbour Energy's, and following Completion, the Enlarged Group's, business, prospects, financial condition or results of operations.

Harbour Energy's results of operations have also been materially affected by and, following Completion, the Enlarged Group's results of operations could be further materially affected by changes to UK tax legislation. For more information on the impact of the EPL on Harbour Energy, see "*Harbour Energy's production is currently concentrated in the United Kingdom exposing it to adverse or uncertain political, regulatory or fiscal developments and other risks associated with having the substantial majority of its production in one region*" above.

In addition, should Scotland become independent from the United Kingdom, tax law and regulations may change so that the tax regime in Scotland diverges further from the tax regime in the remaining parts of the United Kingdom. The Directors cannot assure investors that any changes to the tax regime in Scotland would not result in additional tax costs.

Capital Programme and Delivery Risks

4. ***Harbour Energy and, following Completion, the Enlarged Group may be unable to replace its proved plus probable reserves as they are produced which could lead to a decline in its reserves, production and revenue***

Harbour Energy depends and, following Completion, the Enlarged Group will depend on its ability to find, develop or acquire additional reserves that are economically recoverable, which is (among other factors) dependent on current and future oil and gas prices. Production from oil and natural gas reservoirs, particularly in the case of mature fields, is generally characterised by declining production rates that vary depending upon reservoir characteristics and other factors. Further, while well supervision and effective maintenance operations can contribute to sustaining production rates over time, the production from fields will naturally decline over time until it is no longer economic to continue production. Thus, Harbour Energy's and, following Completion, the Enlarged Group's future oil and natural gas reserves and production and, therefore, its cash flow and results of operations are highly dependent upon its ability to efficiently develop and produce from its current properties and its ability to economically select and acquire additional assets either through awards at licensing rounds or through acquisitions. Harbour Energy and, following Completion, the Enlarged Group may not be able to find, develop, or acquire sufficient additional reserves to replace its current reserves as they are produced. If Harbour Energy and, following Completion, the Enlarged Group is unable to replace its current reserves in a value accretive manner as they are produced, the amount and value of its reserves will decrease, and its business, financial condition and results of operations could be adversely affected.

Harbour Energy's and, following Completion, the Enlarged Group's reserves and levels of future production also depends on amongst other things, the success of its activities to find and appraise additional reserves that are economically viable. Exploration activities are dependent on being awarded licences at licensing rounds, entering into production sharing contracts or being successful in acquiring interests in licences held by third parties or negotiating farm-ins. Exploration and appraisal activities are capital intensive, subject to financing limitations and the results are inherently uncertain as there can be no assurance that future exploration expenditure, which is required to establish the extent of the oil and gas reserves through seismic and other surveys and drilling, will result in the discovery of commercially producible hydrocarbons. Significant expenditure is required, for example to establish the extent of oil and gas resources through seismic and other surveys and drilling. Such activities may involve unprofitable efforts, not only by drilling dry wells, but also by drilling wells that discover hydrocarbons but are of insufficient volume or in poor-quality reservoirs that cannot support commercial development. Therefore, there can be no certainty that further commercial quantities of oil and gas will be discovered, acquired or developed by Harbour Energy and, following Completion, the Enlarged Group. Harbour Energy and, following Completion, the Enlarged Group may also be required to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, breaches of security, adverse weather conditions, a public health crisis, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment or other factors which may result in drilling operations becoming uneconomic.

Estimates of economically recoverable oil and gas reserves and resources are based on a number of factors and assumptions made as of the date on which the reserves and resources estimates were determined, such as geological, geophysical and engineering estimates (which have inherent uncertainties), historical production from the properties or analogous reserves, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. The quantity of underground accumulations of hydrocarbons cannot be measured in an exact manner and the estimation of this is a subjective process aimed at understanding the statistical probabilities of recovery. Reserve and resource estimates are subjective and not all underground accumulations are economically recoverable and estimates of the quantity of economically recoverable oil and gas reserves and resources and the costs, timing and rates of future production depend upon several variables and assumptions, including the following:

- quality and quantity of available data;
- interpretation of the available geological and geophysical data;
- analogue production history compared with other comparable producing areas;
- local laws and regulations;
- expectations of future oil and gas prices;
- availability of third party products and services required to develop and produce discovered hydrocarbons;
- estimates of costs required and taxes incurred to develop, produce, and ultimately decommission production facilities;
- extension of production licenses;
- the judgment of the persons preparing the estimate;
- the quantities and qualities that are ultimately recovered;
- the timing of the recovery;
- the amount and timing of development expenditures;
- the costs incurred to produce;
- future hydrocarbon sales prices; and
- costs and timing of decommissioning.

Many of the factors in respect of which assumptions are made when estimating reserves and resources are beyond Harbour Energy's and, following Completion, the Enlarged Group's control and therefore these estimates may prove to be incorrect over time. Evaluations of reserves necessarily involve multiple uncertainties. The accuracy of any reserves or resources evaluation depends on the quality of available information and oil and gas engineering and geological interpretation. If the assumptions upon which the estimates of Harbour Energy's and, following Completion, the Enlarged Group's oil and gas reserves have been based prove to be incorrect or if the actual reserves or recoverable resources available are otherwise less than the current estimates or of lesser quality than expected, Harbour Energy and, following Completion, the Enlarged Group may be unable to recover and produce the estimated levels or quality of oil, gas and other hydrocarbons.

Appraisal and development activities may also be subject to delays in obtaining governmental approvals or consents, agreeing development plans with joint venture partners, obtaining sufficient access to storage or transportation facilities or other constraints, which could materially adversely affect Harbour Energy's and, following Completion, the Enlarged Group's replacement of reserves and long-term oil and gas production. Even if Harbour Energy and, following Completion, the Enlarged Group is able to discover or acquire commercial quantities of oil and gas in the future, there can be no assurance that these will be commercially developed. Few prospects that are explored are ultimately developed into producing oil and gas fields.

Completion of Harbour Energy's and, following Completion, the Enlarged Group's development plans does not assure a profit on the investment or recovery of drilling, completion and operating costs, and drilling hazards and environmental damage can further increase the cost to be recovered. In addition, various field operating conditions may also adversely affect production from successful wells including delays in obtaining governmental approvals, permits, licences, authorisations or consents, shut ins of connected wells, or other unusual or unexpected geological, oceanographic and mechanical conditions.

Harbour Energy currently holds and, following Completion, the Enlarged Group will hold exploration licences or production sharing contracts for assets located in a number of countries and Harbour Energy maintains and, following Completion, the Enlarged Group will maintain an ongoing evaluation process to identify which exploration and appraisal opportunities to prioritise. For example, in Indonesia, Harbour Energy made significant gas discoveries at Tangkulo-1 and Layaran-1 (2023) on the South Andaman licence and at Timpan-1 on the Andaman II licence (2022). Recently, Harbour Energy drilled exploration wells targeting the Halwa and Gayo prospects on Andaman II. The Halwa-1 well encountered low gas saturations while a small gas discovery was made at Gayo.

In the future, Harbour Energy and, following Completion, the Enlarged Group will continue to manage its exploration portfolio in order to allocate capital to projects regarded as strategically important or which offer the potential to deliver higher returns, thereby not allocating capital to all its available opportunities. Even if Harbour Energy's and, following Completion, the Enlarged Group's licensing and exploration drilling campaigns are successful, it must then invest capital to appraise and develop the discoveries and there can be no certainty that further commercial quantities of oil and gas will be discovered. There is also the risk that exploration, appraisal and development activities may cost more than anticipated, take longer and may not realise the value that was anticipated.

In addition to participating in licencing rounds or entering into production sharing contracts, Harbour Energy and, following Completion, the Enlarged Group may seek to add or increase reserves through acquisitions. Successful acquisitions require an assessment of a number of factors, including estimates of recoverable reserves, upside potential, downside risks, future oil and gas prices, operating and decommissioning costs and potential environmental and other liabilities. Such assessments are uncertain and cannot be made with a high degree of accuracy. Whilst Harbour Energy routinely performs and, following Completion, the Enlarged Group will routinely perform due diligence reviews of potential material acquisition targets, even in depth reviews of all properties and records will not necessarily reveal all existing or potential problems or liabilities. See "*Harbour Energy and, following Completion, the Enlarged Group may be exposed to risks inherent in any future acquisitions and disposals of oil and gas assets and businesses and may fail to properly integrate acquired assets and businesses and realise anticipated synergies in a timely manner*" in the Prospectus.

5. ***Harbour Energy and, following Completion, the Enlarged Group may fail to successfully define and deliver capital intensive projects (including decommissioning projects) that optimise value***

Harbour Energy undertakes and, following Completion, the Enlarged Group will undertake drilling operations and capital projects to find and develop oil and gas reserves and capital projects to decommission assets at the end of their economic life. For example, Harbour Energy has a number of development and pre-development projects, including Zama in Mexico and Tuna in Indonesia. Development and pre-development projects, as well as decommissioning projects, are often complex in nature and may face delays, cost overruns, unsatisfactory quality or poor health, safety, environmental or social performance. In the case of development and pre-development projects, the volume and productivity of the reserves targeted for development are inherently uncertain and may differ from those expected. Furthermore, following Completion, the Enlarged Group will have additional development and pre-development projects that are in various phases of development for future production, including the Target Portfolio's projects in Irpa, Maria Phase 2 and Dvalin North in Norway and Zama in Mexico. In addition, Harbour Energy has a number of decommissioning projects including Southern North Sea and East Irish Sea gas assets and the Balmoral Area in the Central North Sea. Harbour Energy's and the Enlarged Group's ability to sanction or execute capital development projects, including decommissioning projects, is subject to a number of factors, including the availability of financing on acceptable terms, the consent of its creditors and field partners and (in appropriate cases), the ability to share development costs and risk by farming down part of its interest, securing contractual access to third party infrastructure to transport produced volumes to market and ensuring that service providers are able to provide key products and services.

Failure to sanction development projects would mean that Harbour Energy and, following Completion, the Enlarged Group will be unable to realise value from their resources by converting them into production. Failure to execute development projects effectively may lead to delays or cost overruns that could result in them being less profitable than forecast, generating cash later than expected, requiring additional expenditure and ultimately leading to a failure in adding reserves in a value accretive manner. In the case of projects that are expected to result in significant production, delays in completing the project could have a material adverse effect on Harbour Energy's or the Enlarged Group's business, operating results, financial condition or prospects.

6. ***Harbour Energy and, following Completion, the Enlarged Group may fail to accurately estimate the cost and timing of projects including decommissioning which could lead to inaccurate or inadequate provision for future liabilities***

Harbour Energy has and, following Completion, the Enlarged Group will have obligations in respect of the decommissioning of some of the fields in which it has, or in the past has had, licence interests and related infrastructure. It is difficult to forecast accurately the costs and timing Harbour Energy and, following Completion, the Enlarged Group will incur in satisfying its decommissioning obligations especially in certain jurisdictions in which the Enlarged Group will operate and in which the oil and gas industry has limited experience of decommissioning petroleum, in particular outside the UKCS in territories currently with low levels of decommissioning activity.

In the UK, Harbour Energy is and, following Completion, the Enlarged Group will be obliged to dismantle and remove certain equipment, to cap or seal wells and generally to remediate production sites. Under the UK Petroleum Act 1998 (the "**Petroleum Act**"), a party incurs liabilities in respect of the decommissioning of installations and pipelines following the service by the DESNZ of a section 29 notice on that party under the Petroleum Act. At any time during the life of the relevant field, the DESNZ can issue a section 29 notice requiring that a costed decommissioning program be provided by, among others, the license holder, a parent company or associated companies of a license holder, or the field operator. In addition to the liable parties set out above, under section 34 of the Petroleum Act, DESNZ may use a "claw-back" discretionary power to impose decommissioning obligations on anyone who, at any time since the issue of the first section 29 notice for the installation, could have been served with such a notice or was previously a recipient of a section 29 notice but has had such notice withdrawn, being former license holders and their affiliates. The parties on whom the notice is served are jointly liable to submit a decommissioning program and, once a decommissioning program has been approved by DESNZ, it becomes a joint and several obligation upon the persons who submitted the decommissioning program to ensure that it is carried out. Although Harbour Energy typically aims to have contracted for limited decommissioning liabilities and assumes responsibility for the share of the costs in proportion to its working interest, it may retain or be liable to third parties under the Petroleum Act for these liabilities.

However, once Harbour Energy and, following Completion, the Enlarged Group is required to submit a decommissioning plan, it will be jointly and severally liable for implementing that plan with former or current commercial partners. If Harbour Energy's and, following Completion, the Enlarged Group's commercial partners do not meet their obligations, Harbour Energy and, following Completion, the Enlarged Group will remain liable and its decommissioning liabilities could increase significantly through such default. Where the UK Secretary of State deems that a party with liability for a decommissioning program is unlikely to be able to fulfil that liability, it is empowered to require the provision of appropriate financial security to cover those decommissioning costs.

Under the legal and regulatory regimes of the UK and other jurisdictions in which Harbour Energy currently has and, following Completion, the Enlarged Group will have an operating presence, it may be liable for up to 100 per cent. of decommissioning liabilities with respect to enhancements that it makes to assets after it acquires them. In connection with the sale or transfer of its assets, Harbour Energy and, following Completion, the Enlarged Group may retain or be liable for decommissioning liabilities, even if it has not contractually agreed to accept these liabilities.

In addition, Harbour Energy and, following Completion, the Enlarged Group may be liable for decommissioning costs associated with assets from which it has received limited or no commercial advantage. For UK assets that Harbour Energy or, following Completion, the Enlarged Group no longer holds (i.e. which have been disposed of by Harbour Energy or by affiliates whom Harbour Energy has subsequently acquired), it may be subject to significant costs related to any potential decommissioning if it is issued a notice under section 34 of the Petroleum Act as a result of it formerly holding interest in certain assets. These decommissioning costs could materially and adversely affect Harbour Energy's and, following Completion, the Enlarged Group's business, prospects, financial condition and results of operations.

Harbour Energy's financial statements as at 31 December 2023 include a provision for decommissioning liabilities that consists of internal and third party estimates based on factors including current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. These estimates include the application of annual inflation and discount rates. Harbour Energy's estimates are based on facts and circumstances known as of the date of such financial statements including the extent of its operations. As of 31 December 2023, Harbour Energy had a decommissioning liability of $4.0 billion calculated using a risk-free discount rate between 4.3 per cent. and 5.2 per cent. and long-term inflation rate of 2.5 per cent. over the varying lives of the assets to determine the pre-tax present value of the decommissioning liabilities. The ultimate costs of decommissioning wells and sites are difficult to predict accurately and may depend on a number of factors. For example, changes in interest rates and increases in inflation since 2022 have made estimation of the pre-tax present value of decommissioning liabilities challenging. Harbour Energy's and, following Completion, the Enlarged Group's decommissioning provisions may not be sufficient and it may be required to provide new or increased financial security to any of the governments in any of the jurisdictions in which Harbour Energy or, following Completion, the Enlarged Group has licence interests or related infrastructure, or to its counterparties. Harbour Energy and following Completion, the Enlarged Group may also fail to provide adequate financial security or accurately estimate security provision requirements for future decommissioning costs due to the factors described above. Any increase in estimated decommissioning liability or in the amount of financial security Harbour Energy is and, following Completion, the Enlarged Group will be required to provide or failure to provide sufficient financial security for decommissioning costs could materially and adversely affect its business, prospects, financial condition and results of operations.

The costs of decommissioning may exceed the value of the long-term provision set aside to cover such decommissioning costs. This risk may also materialise from Harbour Energy's and following Completion, the Enlarged Group's assets in Asia if the payments it has made into escrow does not cover the committed decommissioning costs which may have a material adverse effect on its business, operating results, financial condition or prospects. Harbour Energy and, following Completion the Enlarged Group may have to draw on funds from other sources to fund such decommissioning costs.

Third Party Reliance Risks

7. ***Harbour Energy has and, following Completion, the Enlarged Group may have limited influence on its joint venture partners. Operating joint venture partners may not manage assets in line with the values and business objectives of Harbour Energy and, following Completion, the Enlarged Group. This may result in a failure to maximise growth opportunities, loss of value or increased risk exposure***

   Some of Harbour Energy's major assets are operated, and some of the Enlarged Group's major assets will be operated, by a partner in the relevant joint venture. A majority of the assets included in the Target Portfolio are non-operated and the percentage of non-operated assets in Harbour Energy will increase as a result of the Acquisition.

   Harbour Energy requires and, following Completion, the Enlarged Group will require cooperation from its joint venture partners in obtaining approval of field development plans and in funding the development of and production from an asset. Where Harbour Energy or, following Completion, the Enlarged Group is not the operator of a licence, although it may have consultation rights or the right to withhold consent in relation to significant operational matters depending on the level of interest in such licence (as most operational decisions by the management committee only require a majority vote), Harbour Energy only has and, following Completion, the Enlarged Group will only have limited control over management of the assets and mismanagement by the operator or disagreements with the operator as to the most appropriate course of action may arise. There is also a risk that a joint venture partner with interests in Harbour Energy's and, following Completion, the Enlarged Group's operated properties may elect not to participate in certain activities relating to those properties that require that party's consent. In these circumstances, it may not be possible for such activities to be undertaken by Harbour Energy and, following Completion, the Enlarged Group alone or in conjunction with other joint venture partners at the desired time or at all or otherwise, to the extent permitted, such activities may be undertaken with the Enlarged Group bearing a greater proportion of the risks involved in the project. The terms of the operating agreements generally impose standards and requirements in relation to the operatorship of the oil or natural gas field, however there can be no assurance that the operator will observe such standards or requirements.

   Where Harbour Energy is the operator, for example with respect of the J-Area fields, Greater Britannia Area (except for the Alder field), AELE Area (except for the Erskine field), Catcher Area fields, Tolmount, Solan, Johnston, Natuna Sea Block A fields and Block 12W fields, or the Target Portfolio is the operator, for example with respect to East Damanhour, Emlichheim, Ogarrio, Maria, Nova, Vega, Dvalin and Dvalin North, it depends on its partners in the field to sanction any improvement or enhancement projects it may have planned for the area together with sanctioning its planned operations, timing and performance of such activities. There is therefore an inherent risk in producing fields where Harbour Energy is unable to exercise and, following Completion, the Enlarged Group will be unable to exercise a sufficient number of votes, as the management committee in charge of decision-making between the partners may make certain decisions on developments regardless of whether or not they have received consent from Harbour Energy and, following Completion, the Enlarged Group.

   Certain risks also apply in circumstances where Harbour Energy is and, following Completion, the Enlarged Group will be a joint venture partner but not the operator in fields in which it holds an interest. For example, Apache Corporation ("**Apache**") is operator of the Beryl Area fields, CNOOC is operator of the Buzzard field, TotalEnergies is operator of the Elgin Franklin area fields, BP is operator of the Schiehallion and Clair fields, Ithaca Energy is operator of the Alder and Erskine fields, Wintershall Dea is operator of Block 30 in the Sureste Basin (although from Completion, the Enlarged Group will become the operator) and Mubadala Energy is operator of South Andaman in the Andaman Sea. For example, the Target Portfolio is dependent and, following Completion, the Enlarged Group will be dependent on Groupement Reggane Nord who acts as the operator of Reggane Nord, TotalEnergies who acts as the operator of Aguada Pichana Este Residual, Aguada Pichana Este Vaca Muerta, CMA-1, and Fénix, DISOUCO who acts as the operator of Disouq, BP who acts as the operator of West Nile Delta, Mabruk Oil Operations who acts as the operator of Contract areas 15, 16, 32 (Al-Jurf), Hokchi Energy who acts as the operator of Hokchi Block, PEMEX who acts as the operator of Zama, Repsol who acts as the operator of Block 29 (Polok, Chinwol), Equinor who acts as the operator of Njord, Bauge, Hyme, and Snorre, Aker BP who acts as the operator of Ærfugl Nord, Edvard Grieg, and Skarv, and Vår Energi (following its acquisition of Neptune Energy's Norwegian business) who acts as the operator of Gjøa. In circumstances where Harbour Energy is not and, following Completion, the Enlarged Group will not be the operator, it will not be able to direct or control operations, the timing and performance of such activity or the costs thereof, will have limited ability to influence decisions taken by the operator, and will be reliant on their capabilities which might result in increased operational costs, heightened health, safety and environment risks and/or reputational damage.

Harbour Energy and, following Completion, the Enlarged Group may suffer unexpected costs or other losses if a joint venture partner does not meet obligations under agreements governing their relationship. For example, other joint venture partners who have invested in Harbour Energy's or the Target Portfolio's properties may default in their obligations to fund capital or other funding obligations in relation to such properties. In such circumstances, Harbour Energy and, following Completion, the Enlarged Group may be required under the terms of the relevant operating agreement to contribute all or part of any such funding shortfall, regardless of the percentage interests that have been agreed with such joint venture partner under such arrangements. Harbour Energy and, following Completion, the Enlarged Group may also be subject to claims by its joint venture partners regarding potential non-compliance with its obligations.

A failure to reach an agreement with joint venture partners may lead to delays in development. Additionally, failure by joint venture partners to comply with obligations under relevant licences, production sharing contracts or the agreements pursuant to which Harbour Energy operates and, following Completion, the Enlarged Group will operate may lead to fines, penalties, restrictions and withdrawal of licences, production sharing contracts or the agreements under which it operates. For example, in Norway, where Harbour Energy holds and, following Completion, the Enlarged Group will hold some licences, the licence participants are jointly and severally responsible to the Norwegian Government for financial obligations arising out of petroleum activities pursuant to such licence. Hence, if one or more of the other licensees fail to cover their share of licence costs (e.g. related to the mandatory work program or decommissioning liability), Harbour Energy and, following Completion, the Enlarged Group can be held liable for such licensee's share of the relevant cost. If any of Harbour Energy's and, following Completion, the Enlarged Group's joint venture partners becomes insolvent or otherwise unable to pay debts as they come due, licences or agreements awarded to them may revert back to the relevant government authority who will then reallocate the licence. Although it is anticipated that the relevant government authority may permit Harbour Energy and, following Completion, the Enlarged Group to continue operations at a field during a reallocation process, there can be no assurances that it will be able to continue operations pursuant to these reclaimed licences or that any transition related to the reallocation of a licence would not materially disrupt its operations or development and production schedule. The occurrence of any of the situations described above could materially and adversely affect Harbour Energy's and, following Completion, the Enlarged Group's business, financial condition and results of operations.

Harbour Energy's and, following Completion, the Enlarged Group's exit strategy in relation to any particular oil or gas interest may also be subject to the prior approval of its joint venture partners and relevant government agency, such as the NSTA in the case of its UKCS assets and other agencies internationally. The terms of operating agreements often require joint venture partners to approve of an incoming participant to the business venture or provide them pre-emption rights with respect to the transfer of Harbour Energy's and, following Completion, the Enlarged Group's interest, either of which could affect its ability to sell or transfer an interest. In certain circumstances, Harbour Energy and, following Completion, the Enlarged Group may also be required to consent to new business partners becoming party to its agreements who have a lower financial standing than the outgoing party. As a consequence of having entered into joint venture arrangements, Harbour Energy is and, following Completion, the Enlarged Group will be exposed to the risk of partner default or insolvency both in respect of existing partners and also potential new partners. For example, in the UK, the effects of the Energy Profits Levy (the "**EPL**") coupled with rising interest rates and inflation during the period since March 2022 have impacted the resilience and reliability of some of Harbour Energy's joint venture partners and their appetite to continue to invest in the UK alongside Harbour Energy and, following Completion, the Enlarged Group, which could impact its operational performance, increase health, safety, environmental and social risks and create potential reputational exposure. Increasing financial distress amongst some of Harbour Energy's and, following Completion, the Enlarged Group's joint venture partners may also increase the risk of default on UK decommissioning security obligations (including failure to provide adequate financial security for future decommissioning costs) which could materially and adversely impact its business, prospects, financial condition and results of operations. See "*Harbour Energy and, following Completion, the Enlarged Group may fail to accurately estimate the cost and timing of projects including decommissioning which could lead to inaccurate or inadequate provision for future liabilities*" above.

8. ***Harbour Energy and, following Completion, the Enlarged Group may face interruptions or delays in the availability of downstream third-party-operated infrastructure, including pipelines and storage facilities, on which production and transportation activities are dependent***

Harbour Energy's production activities are and, following Completion, the Enlarged Group's production activities will be dependent upon the continued availability of oil and gas pipelines and transportation systems, many of which are shared with third party producers and/or operated by third parties.

Shared infrastructure risks are faced by Harbour Energy and will be faced by the Enlarged Group following Completion. Harbour Energy's production assets in the Central, Southern and Northern North Sea basins of the UKCS rely and, following Completion, the Enlarged Group's production assets will rely on access to the Central Area Transmission System ("**CATS**") gas export pipeline and processing terminal at Teesside (which are currently operated by Kellas Midstream), the Forties Pipeline System (the "**FPS**") offshore and onshore liquids export pipeline system and onshore processing terminal at Kinneil (which is currently owned and operated by INEOS), the Shearwater Elgin Area Line ("**SEAL**") gas export pipeline (which is currently operated by TotalEnergies), the Scottish Area Gas Evacuation System ("**SAGE**") gas export pipeline and gas processing terminal at St Fergus (which are currently operated by Ancala) and the Norpipe oil export pipeline and Norsea terminal, Teesside (which are currently operated by ConocoPhillips Midstream). In addition, Harbour Energy's assets in the Catcher Area rely on the Catcher floating production storage and offloading ("**FPSO**") vessel (which is currently operated by BW Offshore) and those in the Tolmount area on the Easington gas processing terminal, East Yorkshire (which is currently operated by Centrica Storage). Harbour Energy relies and, following Completion, the Enlarged Group will also rely on the West of Shetland gas export pipeline, the Sullom Voe oil terminal (operated by EnQuest) and the Glen Lyon FPSO vessel (operated by BP). Moreover, gas produced from Harbour Energy's offshore gas fields in Indonesia is exported to Singapore via the 540 kilometre West Natuna Transportation System pipeline, which is the only means of exporting gas from these fields. The Target Portfolio's assets also rely on third-party operated transport infrastructure such as the Norwegian production which flows through various third-party transport infrastructure systems connecting Norway to the UK and the European continent.

If any of these pipelines, terminals, systems or FPSO vessels (or any infrastructure connecting to the respective pipeline, terminal, system or FPSO) experiences mechanical problems, an explosion, adverse weather conditions, a terrorist attack, labour dispute or any other event that causes an interruption in operations or a shut-down, Harbour Energy's and, following Completion, the Enlarged Group's ability to transport product could be severely affected and production performance could materially differ from that forecast.

Furthermore, for assets that use the services of different hosts for transportation and processing of their production, Harbour Energy and the Enlarged Group could encounter challenges in maintaining control of costs. Use of third-party infrastructure is in general subject to tariff charges, which can be substantial and the per barrel charge will not be subject to the Enlarged Group's direct control. For example, the existing tariffing arrangements with CATS and FPS could in certain cases be replaced with more expensive cost sharing arrangements as production levels in the host systems decrease.

A substantial portion of Harbour Energy's current production is and, following Completion, the Enlarged Group's production will be reliant on some third party owned and controlled infrastructure which has been in operation for a number of years. For example, Harbour Energy relies and, following Completion, the Enlarged Group will rely on the FPS, which has been owned by INEOS since 2017, for the offtake of oil and condensate produced at the Armada Area, Elgin Franklin area, Everest Area, Britannia Area and Buzzard fields. As the FPS has been extensively used, it requires frequent inspection, maintenance and repair to maintain efficiency. The pipeline systems may also need to be shut down to stop oil and gas leaks, as was the case in December 2017 when the FPS was shut down for three weeks for repairs. More recently, in May 2021, the FPS was shut down for planned maintenance that had been delayed from 2020 as a result of the COVID-19 pandemic. Any unscheduled inspection, maintenance or repairs to or closure of the infrastructure on which Harbour Energy's or, following Completion, the Enlarged Group's production relies could result in production being lower than forecast which could have a material adverse effect on its business, financial condition, results of operation and cash flows.

If the owners or operators of this infrastructure, as well as of other, third party infrastructure upon which Harbour Energy's operations rely and, following Completion, the Enlarged Group's will rely fail to adequately maintain their integrity or fail to invest into such infrastructure to ensure that uptime levels are maintained, Harbour Energy and, following Completion, the Enlarged Group may not be able to efficiently deliver product to onshore terminals for sale. Furthermore, Harbour Energy's and, following Completion, the Enlarged Group's use of third party infrastructure exposes it to the possibility that such infrastructure will cease to provide services or be decommissioned and therefore prevent economic production from its assets. This could also have a material adverse effect on Harbour Energy's and, following Completion, the Enlarged Group's business. A reduction or potential stoppage in the delivery of its product or any consequential adverse impact on the efficiency of Harbour Energy's and, following Completion, the Enlarged Group's operations could have a material adverse effect on Harbour Energy's and, following Completion, the Enlarged Group's results of operations and financial condition.

No assurance can be given that Harbour Energy or, following Completion, the Enlarged Group will be able to secure contractual agreements to access the third party infrastructure which it needs to transport production to market. Failure to reach agreement on terms commercially acceptable to Harbour Energy and, following Completion, the Enlarged Group may mean that it is not economically viable to sanction the development of projects or develop reserves. Any delay in reaching agreement on commercially acceptable terms may also delay the construction of new infrastructure to the extent this is required which in turn could delay the development of reserves or the delivery of capital projects. The consequences of any of these circumstances could have a material adverse effect on Harbour Energy's and, following Completion, the Enlarged Group's results of operations and financial condition.

Finally, the inability or failure of Harbour Energy's and, following Completion, the Enlarged Group's current or future major offtakers to meet their obligations or their insolvency or liquidation may adversely affect Harbour Energy's and, following Completion, the Enlarged Group's financial results. Harbour Energy is and, following Completion, the Enlarged Group will be, therefore, subject to the risk of delayed payment for delivered production volumes or counterparty default. Certain gas sale and purchase agreements provide buyers with a right to take only a minimum natural gas volume which may be below committed volumes. If a specific buyer exercises this right, then this would have the effect of deferring natural gas and associated production from the asset. In addition, downstream infrastructure operators may fail to deliver their anticipated service level due to technical or commercial reasons, and the remedies available to Harbour Energy and, following Completion, the Enlarged Group may be limited. Furthermore, a potentially limited number of buyers for oil and gas produced by Harbour Energy and, following Completion, the Enlarged Group may expose it to adverse pricing or other contractual terms. The limited number of offtakers may impact Harbour Energy's and, following Completion, the Enlarged Group's overall credit risk in that its current or future major offtakers may be similarly affected by various economic and other conditions. Such delays, defaults, difficulties or adverse pricing or other contractual terms could adversely affect Harbour Energy's and, following Completion, the Enlarged Group's business, financial condition, results of operations and cash flows.

Access to Capital Risks

9. ***Harbour Energy and, following Completion, the Enlarged Group may fail to maintain a robust balance sheet by ensuring sufficient access to capital on satisfactory terms through the commodity price cycle to implement its strategy***

Harbour Energy and, following Completion, the Enlarged Group needs to ensure sufficient access to capital through the commodity cycle to invest in its existing asset base, fund organic and/or inorganic growth and return capital to Shareholders. If Harbour Energy and, following Completion, the Enlarged Group were unable to raise sufficient cash on satisfactory terms, if a liquidity event were to occur that would prevent it from making such large capital expenditures, or it failed to allocate its capital and budget efficiently, the performance of the business and the execution of the strategy would be impacted.

Harbour Energy's liquidity requirements arise and, following Completion, the Enlarged Group's liquidity requirements will arise from its need to invest in its asset base, including funding capital and other expenditures for exploration, development and production activities, to fund organic and inorganic growth and to return capital to Shareholders. Harbour Energy's and, following Completion, the Enlarged Group's liquidity position may be adversely impacted by a number of factors which are inherently uncertain and some of which it does not control, including a prolonged decline in oil and gas prices, lower than forecasted production levels, higher than expected capital expenditure requirements, increased financing costs and declining lender or investor appetite to finance and/or invest in the oil and gas sector. Going forward, Harbour Energy and, following Completion, the Enlarged Group intends to finance the majority of its future capital expenditures with cash flow from operations and, if necessary, borrowings under the Revolving Credit Facility (which will become available following Completion) or other financing arrangements. A suspension, reduction or withdrawal of the credit rating assigned to the Enlarged Group by one or more of the credit rating agencies may impact the margin payable on amounts drawn under the Revolving Credit Facility leading to an increase in the Enlarged Group's borrowing costs, both under the Revolving Credit Facility and on refinancing the Revolving Credit Facility when it matures. Additional sources of liquidity may also include debt or equity, as applicable, from sources including: its shareholders, funding in the capital markets, project financing and disposal proceeds from any portfolio management activity. The Enlarged Group's ability to make payments on and refinance its indebtedness and to fund its capital expenditures and working capital requirements and other expenses will depend on its future operating performance and ability to generate cash from operations.

For example, if Harbour Energy's and, following Completion, the Enlarged Group's revenues decrease as a result of lower oil or gas prices, operating difficulties, declines in reserves, increased costs or for any other reason, Harbour Energy and, following Completion, the Enlarged Group may have limited ability to obtain the capital necessary to invest in development opportunities or sustain its operations at current levels. If cash generated by operations or cash available under the Reserve Base Lending Facility and, following Completion, the Revolving Credit Facility Agreement is not sufficient to meet its capital requirements, the failure to obtain additional financing could result in a curtailment of Harbour Energy's and, following Completion, the Enlarged Group's operations relating to development of its prospects, which in turn could lead to a decline in its oil and natural gas reserves, or if it is not possible to cancel or stop a project, be legally obligated to carry out the project contrary to its desire or with negative economic impact. All of the above could adversely affect Harbour Energy's and, following Completion, the Enlarged Group's production, revenues and results of operations which could have a material adverse effect on its ability to invest in its existing asset base, fund organic and/or M&A growth, or return capital to Shareholders.

Following Completion, the Enlarged Group is expected to have predominantly fixed rate debt in the form of investment grade bonds. However, once these bonds reach maturity, the rate of interest which the Enlarged Group will have to pay to refinance this debt could be materially higher, particularly in circumstances where the credit rating assigned to the Enlarged Group has been suspended, reduced or withdrawn, which could have an adverse effect on the Enlarged Group's financial results.

Harbour Energy is and, following Completion, the Enlarged Group will be subject to fluctuations in interest rates, inflation, and economic conditions in the relevant countries in which it operates which may adversely affect its business, results of operations and financial condition beyond its control, for example as exploration, development, operating, administration and other costs may be higher than anticipated.

10. ***Harbour Energy and, following Completion, the Enlarged Group may be subject to currency fluctuation and exchange control which may adversely impact its financial condition, results of operations or prospects***

Harbour Energy operates, and following Completion, the Enlarged Group will operate, in a number of different countries and territories throughout the world. Harbour Energy is and, following Completion, the Enlarged Group will be as a consequence subject to risks from changes in currency values and exchange controls. Changes in currency values and exchange controls could have a material adverse effect on Harbour Energy's and the Enlarged Group's business, operating results, financial condition or prospects.

The functional currency of Harbour Energy is, and that of the Enlarged Group will be, US dollars. Harbour Energy receives a mix of US dollar and pound sterling revenues. The Enlarged Group will also receive material Euro revenues, amongst other local currencies, albeit in small amounts relative to the Enlarged Group as a whole. In the first instance, it is anticipated that revenues received in these local currencies will be used to cover any local costs such as labour and employee costs, which are incurred in the local currency. To cover any remaining non-US dollar costs the Enlarged Group will convert funds to foreign currencies to meet those payment obligations.

Exchange rates between the US dollar and other currencies that Harbour Energy is and, following Completion, the Enlarged Group will be exposed to have fluctuated significantly in the past and may do so in the future. Consequently, exploration, development, operating, administration and other costs may be higher in US dollars than anticipated.

Harbour Energy seeks and, following Completion, the Enlarged Group will seek to mitigate its exposure to currency fluctuations through various FX instruments in line with Harbour Energy's and, following Completion, the Enlarged Group's hedging policy. No assurance can be given that Harbour Energy's or the Enlarged Group's hedging policies will sufficiently protect against currency fluctuations or that Harbour Energy or the Enlarged Group will be able to put hedging in place with counterparties on acceptable terms in order to successfully implement their hedging policies.

The Target Portfolio includes interests in certain jurisdictions, including in Argentina and Egypt, where the value of the local currency against the US dollar has fluctuated significantly in recent times as a result of, amongst other things, global events, changes in political and economic conditions and changes in foreign exchange policy. In addition, from time to time and, in particular since February 2022 (in the case of Egypt) and the middle of 2022 (in the case of Argentina), there has been a shortage of US dollars in Egypt and Argentina to service foreign currency transactions with the central bank in both countries having limited foreign currency remittance to the importation of strategic goods and limited the amounts of remitted foreign currency, including for legitimate business purposes. The shortage of US dollars in Egypt and Argentina, limitations on remittance and devaluation of the Egyptian Pound and the Argentinian Peso against the US dollar mean that any profits generated by the Target Portfolio and, following Completion, the Enlarged Group in Egypt or in Argentina may not be capable of being repatriated by way of dividend or distribution to the Company as the ultimate holding company of Harbour Energy. To the extent that profits are not repatriated, over time this may result in the US dollar value of such profits devaluing as a result of any devaluation in the local currency against the US dollar. If profits or cash remains "trapped" in Egypt or in Argentina or in any other jurisdiction in which the Target Portfolio has interests in licences or production sharing contracts for a prolonged period, it may have an adverse effect on the Enlarged Group's financial condition and liquidity.

11. ***Harbour Energy's and, following Completion, the Enlarged Group's letter of credit facilities, bank guarantees or other similar security may be insufficient to enable it to meet its security posting requirements***

The various decommissioning security arrangements to which Harbour Energy is, and the Enlarged Group will be, party typically permit Harbour Energy to make provision for decommissioning security in the form of parent company guarantees, if Harbour Energy meets various credit rating requirements, letters of credit, bank guarantees, surety bonds or similar and in some cases cash collateral. Under the various decommissioning security arrangements, the letters of credit, bank guarantees or similar security are required to be provided by banks which meet certain credit rating thresholds and other criteria. Market-related and other developments affecting the credit ratings of banks over the last few years have reduced the number of banks which meet these applicable credit rating requirements. Further developments of this sort may mean that banks which have issued letters of credit to satisfy Harbour Energy's and the Target Portfolio's decommissioning security obligations in the past will cease to meet the applicable credit rating requirements and that those banks that continue to meet these requirements may not be willing to continue to issue letters of credit or bank guarantees for amounts greater than their existing commitments or to take on the letter of credit and/or bank guarantee commitments of banks who no longer meet these requirements; or may only be willing to do so on more onerous terms for Harbour Energy and, following Completion, the Enlarged Group.

Additionally, the number of banks offering these services to oil and gas exploration and production companies has decreased in recent years and could decrease further in the future.

If these developments were to continue or worsen, or if Harbour Energy or the Enlarged Group did not have sufficient credit rating to meet obligations through parent company guarantees or did not have sufficient letter of credit facilities available to enable it to meet these decommissioning obligations, it may not be possible or it may be more difficult and/or costly for Harbour Energy or the Enlarged Group to obtain or maintain letters of credit or bank guarantees which meet the requirements under these decommissioning security arrangements or to obtain new letters of credit or bank guarantees to replace letters of credit or bank guarantees from banks which have ceased to meet the requirements of the decommissioning security arrangements and, in these circumstances, Harbour Energy and the Enlarged Group may be required to make provision for some or all of their decommissioning liabilities using cash. If such risks materialise, they could have a material adverse effect on Harbour Energy's and, following Completion, the Enlarged Group's business, operating results and/or financial condition.

Members of Harbour Energy are party to and, following Completion, the Enlarged Group will be party to, various decommissioning security arrangements relating to certain oil and gas fields in the UK which require them to, amongst other things, make provision for their share of the anticipated costs of future decommissioning of these fields. To date, the highest amounts of decommissioning security for Harbour Energy has been posted in respect of the J-Block, Balmoral and Beryl Areas. In respect of a number of other fields, Harbour Energy has also entered into bilateral security arrangements with, for example, former owners Shell and ConocoPhillips. The vast majority of security requirements in the Target Portfolio are met through parent company guarantees, satisfied by the fact that the relevant entity is rated as being investment grade. The Enlarged Group is expected to be rated as being investment grade at Completion and therefore will continue to meet those obligations via parent company guarantees. The requirement to post security is dependent on the forecast cash flows from a field. Factors impacting such forecasts, such as production and commodity prices, can impact the timing and quantum of such requirements.

12. ***Harbour Energy is and, following Completion, the Enlarged Group will be subject to certain tax exposures***

Harbour Energy is and, following Completion, the Enlarged Group will be subject to various tax exposures which arise in the ordinary course of its business in the different jurisdictions in which it operates and, following Completion, in which it will operate. In assessing whether these uncertainties should be provided for in Harbour Energy's and, following Completion, the Enlarged Group's financial statements, management apply and will apply significant judgments of the likely outcome, based on external advice and prior experience of such claims.

One of these uncertain tax exposures relate to the timing of taxation of fair value movements and realised gains and losses on hedges entered into in order to manage commodity price risk which may be challenged by tax authorities. Additional challenges from tax authorities may also relate to the deductibility of expenses for corporate income tax purposes and the recoverability of value added tax on those expenses. Should the tax authorities in jurisdictions in which Harbour Energy operates and, following Completion, the Enlarged Group will operate seek to make such challenges, and if any such challenges are successful and are not overturned, this could lead to additional material tax liabilities and negative cumulative tax loss positions which could have a material adverse effect on Harbour Energy's and, following Completion, the Enlarged Group's business, financial condition and results of operations.

Further, Harbour Energy undertakes and, following Completion, the Enlarged Group will continue to undertake many cross border transactions in relation to which it seeks to comply with transfer pricing laws. However there is a risk that tax authorities in the relevant jurisdictions could seek to challenge the allocation methodology used or pricing applied to charges by Harbour Energy and if any such challenges are successful and are not overturned, they may have an adverse effect on Harbour Energy's and, following Completion, the Enlarged Group's business, financial condition and results of operations.

Harbour Energy operates and owns interests and, following Completion, the Enlarged Group will operate and own interests in assets in a number of jurisdictions. It is therefore exposed to a wide range of tax environments that are subject to change in a manner that may be materially adverse for Harbour Energy and, following Completion, the Enlarged Group which could include changes to and uncertainty surrounding subsidies, royalties or taxation (including policies relating to the granting of advance rulings on taxation matters). For example, as a result of an increase in carbon credit prices or changes in specific targeted tax liabilities on emissions flowing from changes in government policy or adverse sentiment towards the oil and gas industry, Harbour Energy and, following Completion, the Enlarged Group may be subject to increased tax liabilities, and increases in its costs of operations or its effective tax rate which could have an adverse effect on its business, financial condition and results of operations.

Climate Change and Energy Transition Risks

13. ***Harbour Energy's and, following Completion, the Enlarged Group's failure to deliver on its stated climate change commitments and to adapt its strategy in the context of evolving external requirements and expectations, coupled with the effects of climate change and political and societal perception of the production and use of fossil fuels, may have a material adverse effect on the hydrocarbon industry, Harbour Energy and, following Completion, the Enlarged Group***

The consequences of the effects of global climate change, the transition towards a low carbon economy, and the continued political and societal attention afforded to mitigating the effects of climate change, may generate:

- adverse investor and other stakeholder sentiment towards the hydrocarbon industry and negatively impact the investability of the sector;
- changes in the supply and demand for hydrocarbon products due to the pace of commercial deployment of alternative energy technologies or shifts in consumer preference for lower greenhouse gas emission products in each case as an industry response to the reduction in demand or in response to adverse investor or stakeholder sentiment towards the hydrocarbon industry; and

- Longer term physical changes in weather patterns and ocean currents and more frequent extreme weather events related to climate change could potentially disrupt business activities, increase business costs and raise insurance premiums.

any of which may have a material adverse effect on the hydrocarbon industry in general or specifically on Harbour Energy and, following Completion, the Enlarged Group.

There have been efforts in recent years aimed at the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other groups, promoting the divestment of equities issued by companies connected to fossil fuels as well as to pressure lenders and other financial services companies to limit or curtail activities with companies similarly connected. If these efforts are successful, and if Harbour Energy's and, following Completion, the Enlarged Group's business is deemed to be sufficiently tied to the use of fossil fuels by such communities, its ability to access capital markets may be limited and its share price may be negatively impacted. Further, members of the investment community have increased their focus on sustainability practices with regard to the oil and gas industry, including practices related to greenhouse gas emissions and climate change. An increasing percentage of the investment community considers sustainability factors in making investment decisions and an increasing number of entities consider sustainability factors in awarding business. If Harbour Energy and, following Completion, the Enlarged Group is unable to appropriately address sustainability enhancement, it may lose customers, partners, its share price may be negatively impacted, its reputation may be negatively affected, and it may be more difficult for it to effectively compete.

Continued political attention to issues concerning climate change, the role of human activity in it and potential mitigation through regulation could have a material impact on Harbour Energy's and, following Completion, the Enlarged Group's business. International agreements, national and regional legislation, and regulatory measures to limit greenhouse gas emissions are currently in various stages of discussion or implementation. Given that Harbour Energy's and, following Completion, the Enlarged Group's operations involve, and its products are associated with, emissions of greenhouse gases, these and other greenhouse gas emission related laws, policies and regulations may result in substantial capital, compliance, operating and maintenance costs. The level of expenditure required to comply with these laws and regulations is difficult to accurately predict and will vary depending on, among other things, the laws enacted by particular countries. Further, there is evidence that some lenders may be unwilling to provide capital to oil and gas companies. Climate change legislation and regulatory initiatives restricting emissions of greenhouse gases may materially adversely affect Harbour Energy's and, following Completion, the Enlarged Group's operations and increase its cost structure, and could also potentially limit the investment capital available to the industry. For example, in the UK, where a significant proportion of the hydrocarbons produced by Harbour Energy is and, following Completion, the Enlarged Group will be sold and consumed, the UK Parliament passed legislation in June 2019 enshrining in law a target for at least a 100 per cent. reduction in greenhouse gas emissions (compared to 1990 levels) in the UK by 2050 (also known as a "**net zero target**") and in November 2020 the UK Government announced a ban on sales of new petrol and diesel powered cars and vans from 2030. It is anticipated that the governments of other major economies may introduce similar long-term emissions reduction targets.

Additionally, as a company with operations in Norway and Germany, Harbour Energy is subject and, following Completion, the Enlarged Group will be subject to European Union climate change abatement legislation. Due to the requirements of the European Union's Emissions Trading System (the "**EU ETS**"), Member States' governments, including Norway, have put forward national plans that set carbon dioxide emission reduction requirements for various industrial activities, including offshore oil exploration and production facilities incorporating combustion plants (including flaring) with aggregate thermal ratings of greater than 20 megawatts (thermal input).

In the wake of Brexit, the UK Government has introduced the United Kingdom Emissions Trading System ("**UK ETS**") which has resulted in transition costs for companies, like Harbour Energy and, following Completion, the Enlarged Group, which were formerly subject to the EU ETS but that must now operate within the UK ETS regime. Such legislation or regulatory initiatives could also have a material adverse effect by diminishing the demand for oil and gas, increasing Harbour Energy's and, following Completion, the Enlarged Group's cost structure or causing disruption to its operations by regulators, including via increased administration requirements.

In addition to legislative or regulatory initiatives, Harbour Energy and, following Completion, the Enlarged Group may be subject to activism from groups campaigning against fossil fuel extraction, which could affect its reputation, disrupt its campaigns or programs or otherwise negatively impact its business.

For example, as a result of an activist investor campaign, ExxonMobil has advanced its climate plans, but is under pressure to set more ambitious goals. In addition, in 2021, a court in the Netherlands ruled that Royal Dutch Shell must reduce its greenhouse gas emissions 45 per cent. by 2030, based on 2019 levels.

The emission reduction targets and other provisions of national, regional and international legislative or regulatory initiatives enacted in the future, could adversely impact Harbour Energy's and, following Completion, the Enlarged Group's business by imposing increased costs in the form of taxes or for the purchase of emission allowances, limiting its ability to develop new oil and gas reserves, decreasing the value of its assets, or reducing the demand for hydrocarbons and refined petroleum products.

Longer term changes in weather patterns and more frequent extreme weather events could potentially disrupt business activities and Harbour Energy's and, following Completion, the Enlarged Group's offshore operations are particularly at risk from severe climatic events. If any such climate changes were to occur, they could have an adverse effect on Harbour Energy's and, following Completion, the Enlarged Group's financial condition and results of operations.

The transition towards a low carbon worldwide economy is impacting both the supply and demand for oil and gas. The interplay of these changes could lead to long-term volatility in oil and gas prices and Harbour Energy and, following Completion, the Enlarged Group may face more demanding regulatory requirements or lose some sources of funding if it is unable to meet such evolving investor, lender and societal expectations. Overall, the long-term viability of the business may be in question if Harbour Energy and, following Completion, the Enlarged Group is unable to maintain a strategy and portfolio that is demonstrably resilient to evolving market conditions, requirements and expectations related to climate change and the energy transition. By way of examples of evolving expectations in relation to climate change, non-governmental organisations and shareholder activists are increasing the number of climate change litigations against corporate entities both in the extractive industries and in support sectors, such as banks and financial institutions. Such activities seek new arguments and raise new challenges for such industries, and it is difficult to predict what litigation might arise in the future or the prospects of success. In the UK courts, ClientEarth has brought a claim against Shell, alleging a breach of duties under section 172 and 174 of the Companies Act resulting from a failure to adopt and implement a climate strategy that aligns with the 2015 Paris Agreement. The High Court of England and Wales dismissed the lawsuit without considering the merits in July 2023, which ClientEarth appealed. It is expected that such litigations will continue in the future, and that there may be an increase in climate-related litigation and challenges. No assurance can be given that Harbour Energy and, following Completion, the Enlarged Group will not be named in similar or other climate change related proceedings in the future and, if named, what the outcome of any such proceedings might be.

14. ***Harbour Energy and, following Completion, the Enlarged Group may not be able to meet the current climate related targets that it has formulated to achieve Net Zero by 2035***

Harbour Energy and, following Completion, the Enlarged Group may not be able to meet its current long term commitment to achieve Net Zero for its gross operated Scope 1 and Scope 2 CO_2 equivalent (CO_2e) emissions by 2035. Harbour Energy's and, following Completion, the Enlarged Group's Net Zero strategy, emission targets and Net Zero commitment are "forward-looking" statements that involve various risks and uncertainties (see "*Important Information—Forward-Looking Statements*" below). These "forward-looking" statements are not intended to be a forecast or guarantees of Harbour Energy's or the Enlarged Group's future performance and Harbour Energy's or the Enlarged Group's actual operations and performance between now and 31 December 2035 may differ significantly from these "forward-looking" statements. Factors that might cause such difference include those discussed in this "*Risk Factors*" section and elsewhere in this Circular.

Long term emission targets are used by Harbour Energy and, following Completion, will be used by the Enlarged Group to measure progress towards its Net Zero commitment. These targets are subject to change and Harbour Energy and, following Completion, the Enlarged Group may determine that it is appropriate to adapt its strategy and business plan, including in relation to its Net Zero commitment, in the future to achieve Net Zero in the timeframe currently envisaged. In particular, Harbour Energy's current strategy in relation to its Net Zero commitment is specific to Harbour Energy's existing portfolio and is executed through its specific emissions reduction action plans as well as through the safe and responsible decommissioning of assets at the end of their economic life, a process that is often complex in nature and which may face delays, cost overruns, unsatisfactory quality or poor health, safety, environmental or social performance (see "*Harbour Energy and, following Completion, the Enlarged Group may fail to successfully define and deliver capital intensive projects (including decommissioning projects) that* *optimise value*" above). The integration of the Target Portfolio into Harbour Energy will require careful evaluation of the technical emission reduction options as well as the formulation of a new greenhouse gas ("**GHG**") emissions strategy that will aim to honour the existing Net Zero commitment of Harbour Energy and that of the Enlarged Group post Completion. It is currently intended that this process will commence following Completion and will rely in part on the successful integration of the acquired businesses, operating assets, organisational structures and processes, controls and systems of the Target Portfolio which may prove more difficult, be more expensive or take longer than anticipated. The formulation of a new GHG emissions strategy aimed at fulfilling the Enlarged Group's Net Zero commitment may, at least initially, lead to increased complexity and increased workloads which in turn could have an adverse impact on the timing, implementation and ultimate success of its Net Zero strategy.

Further, evolving stakeholder requirements and expectations as well as changes in the regulatory environment may also lead to a change in Harbour Energy's and, following Completion, the Enlarged Group's strategy in relation to its Net Zero commitment. In order for Harbour Energy and, following Completion, the Enlarged Group to fulfil its Net Zero commitment in the timeframe currently envisaged may require higher than anticipated operating, administration and other costs which could in turn adversely affect its business, prospects, financial condition and results of operations and may result in the need for senior management to devote more of their time and focus on fulfilling Harbour Energy's and, following Completion, the Enlarged Group's Net Zero commitment within the timeframe currently envisaged, which may have an adverse impact on other aspects of the business. A failure to successfully implement its Net Zero strategy or meet its emission targets and ultimately its long term Net Zero commitment or any change to the foregoing could adversely affect Harbour Energy's and, following Completion, the Enlarged Group's reputation with its shareholders, potential investors, the investment community or other key stakeholders, impair its ability to access capital on favourable terms, negatively impact its share price and/or lead to increased or unexpected costs.

15. ***Harbour Energy and, following Completion, the Enlarged Group may be unable to secure a viable investment case for carbon capture and storage ("CCS") projects***

Harbour Energy and, following Completion, the Enlarged Group can contribute to support governments and nations as they seek to limit global warming and meet their net zero emission targets through broader decarbonisation projects and technologies, such as CCS, through repurposing oil and gas skills and infrastructure to technologies such as CO_2 transportation and storage.

Harbour Energy currently leads and, following Completion, the Enlarged Group will lead the Viking CCS project in the UK's Humber region. By repurposing oil and gas infrastructure in the heavily industrialised Humber region, Viking CCS has the potential to meet one third of the UK Government's target to capture and store 20-30 mtpa of CO_2 by 2030. In addition, Harbour Energy has invested in Acorn, another early-stage CCS project.

The success of Harbour Energy's and, following Completion, the Enlarged Group's existing and future CCS projects depends on its ability to demonstrate a viable investment case for CCS including an adequate likely return on investment and adequate risk management across the CO_2 capture, transport and storage chain. In particular, if the Viking or Acorn CCS projects, or other new CCS projects which may be undertaken by the Enlarged Group following Completion, or Harbour Energy and, following Completion, the Enlarged Group fail to secure the appropriate regulatory approvals such as economic licences, encounters project delivery issues or operational challenges post commercial operation, this could result in a weakened case for, and reduce the attractiveness of, CCS and adversely impact Harbour Energy's and, following Completion, the Enlarged Group's reputation, its position as a leader in CCS and its relationship with the UK Government in matters of climate change and energy transition.

Organisation and Talent Risk

16. ***Harbour Energy and, following Completion, the Enlarged Group may fail to create and maintain an organisation with sufficient capability and capacity that aligns with its business needs. Harbour Energy and, following Completion, the Enlarged Group may also fail to attract, develop, and retain talent or to maintain a cohesive and engaged culture that aligns with its values***

Harbour Energy's success is and, following Completion, the Enlarged Group's success will be dependent on the capability and capacity of its board of Directors, management and staff to operate its growing business and, at the same time, to execute additions to the portfolio via acquisition or other means and to successfully integrate newly acquired assets and any required additional staff into the business.

Attracting, developing and retaining additional skilled personnel will be fundamental to the continued growth of Harbour Energy's and, following Completion, the Enlarged Group's business. Harbour Energy requires and, following Completion, the Enlarged Group will require skilled personnel in areas including exploration and development, operations, engineering, business development, oil marketing, finance and accounting relating to its projects. Personnel costs, including salaries, are increasing as industry wide demand for suitably qualified personnel increases. There is a scarcity of qualified personnel in the more technical areas in which Harbour Energy's and, following Completion, the Enlarged Group's business operates and it may fail to maintain an organisation with sufficient capability and capacity that aligns with its business needs. Harbour Energy and, following Completion, the Enlarged Group may also fail to maintain a cohesive and engaged culture that aligns with its values. A misaligned or unhealthy culture could adversely affect Harbour Energy's and, following Completion, the Enlarged Group's business decisions, damage its reputation and so hinder its attractiveness, cause staff disengagement and increase employee attrition and reduced productivity. Consequently, Harbour Energy and, following Completion, the Enlarged Group may lack the capability, capacity, and culture to effectively execute its strategy and business plans which could materially and adversely affect its business, prospects, financial condition and results of operations.

Harbour Energy also uses and, following Completion, the Enlarged Group will use independent contractors to provide it with certain technical, financial, commercial and legal assistance and services. In certain cases, Harbour Energy and, following Completion, the Enlarged Group may exercise limited control over the activities and business practices of these providers and any failure on their part to conduct their business in accordance with acceptable business practices or their failure to provide services of adequate quality that meet the contractually agreed standards on a timely basis could materially adversely affect its business performance, its relationship with key counterparties or its reputation or expose it to the risk of legal proceedings, any of which could have a material adverse impact on its business, prospects, results of operations and financial condition.

The offshore workforce across the industry is aging and a significant number of experienced offshore workers are expected to retire during this decade. This is especially the case in the UKCS where the majority of Harbour Energy's production is currently located and in the UKCS and Norway where the majority of the Enlarged Group's production will be located following Completion. As its workforce ages, Harbour Energy and, following Completion, the Enlarged Group may face more challenges in recruiting or contracting appropriately skilled and experienced replacements as such workers and contractors retire from the industry. The oil and gas industry requires specialised knowledge and Harbour Energy and, following Completion, the Enlarged Group may lose institutional knowledge as members of its workforce retire. As well as the risk of failure to achieve adequate knowledge transfers, such new workers will require extensive training to ensure they are able to work safely on Harbour Energy's and, following Completion, the Enlarged Group's facilities. A major accident or incident could significantly impact production, impair financial performance and damage the reputation of Harbour Energy and, following Completion, the Enlarged Group.

More generally, the recruitment of personnel to the industry is proving challenging in some regions. This increases the time and costs associated with recruitment and training. Further, Harbour Energy and, following Completion, the Enlarged Group may be unable to recruit new workers on the same terms or with the same skillset to replace departing employees, or at all. A failure to recruit or retain sufficient new offshore workers could materially and adversely impact Harbour Energy's and, following Completion, the Enlarged Group's operational and financial performance.

Integration of Future Acquired Businesses Risk

17. ***Harbour Energy and, following Completion, the Enlarged Group may be exposed to risks inherent in any future acquisitions and disposals of oil and gas assets and businesses and may fail to properly integrate acquired assets and businesses and realise anticipated synergies in a timely manner***

Harbour Energy has grown its asset portfolio in recent years through acquisitions, including through the acquisition of UKCS assets previously held by Shell and ConocoPhillips for $3.0 billion and $2.7 billion, respectively, and through a reverse takeover of Premier Oil in 2021 to create Harbour Energy. The proposed Acquisition, if completed, will result in further significant growth of Harbour Energy's asset portfolio.

Harbour Energy and, following Completion, the Enlarged Group plans to continue to increase its oil and gas reserves through means that include strategic business and asset acquisitions and other inorganic opportunities. Even in circumstances where Harbour Energy conducts due diligence on potential target acquisitions, an in depth review of all properties and records may not reveal existing or potential problems, nor will it always permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities prior to completion of the transaction. Physical inspections may not be performed on every facility or well, and structural or environmental problems are not necessarily observable even when an inspection is undertaken. In the context of any future acquisitions, as Harbour Energy and, following Completion, the Enlarged Group integrates any such acquisitions, it may learn additional information about acquired assets and businesses that adversely affects it, such as unknown or contingent liabilities and issues relating to non-compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on Harbour Energy's and, following Completion, the Enlarged Group's business, financial condition and results of operations.

Harbour Energy and, following Completion, the Enlarged Group may be required to assume pre-closing liabilities with respect to an acquisition, including known and unknown environmental and decommissioning liabilities, and may acquire interests in properties on an "as is" basis without recourse to the seller of such interest. There can be no assurance that any potential future acquisition by Harbour Energy and, following Completion, the Enlarged Group will be successful or that the value of any business, company or property that it acquires or invests in may not actually be less than the amount paid for it.

In addition, successful future acquisitions of oil and gas assets require an assessment of a number of other factors, including estimates of recoverable reserves, the time of recovering reserves, exploration potential, future oil, natural gas liquids and natural gas prices and operating costs. Such assessments are inexact and may prove to be wrong.

Harbour Energy and, following Completion, the Enlarged Group can give no assurance that future acquisitions will perform in accordance with its expectations or that its expectations with respect to integration synergies or other sources of value as a result of such acquisition will materialise in a timely matter or at all. A failure to accurately assess a target's business, assets and liabilities and unanticipated events relating to such businesses or significant unanticipated changes in the external environment could have a material adverse effect on Harbour Energy's and, following Completion, the Enlarged Group's results of operations, financial condition and cash flow. Such failures to achieve Harbour Energy's and, following Completion, the Enlarged Group's acquisition target performance goals could in turn have material adverse effects on its revenue, results of operations, financial condition and cash flows.

18. ***Harbour Energy and, following Completion, the Enlarged Group may be unable to dispose of assets on attractive terms and may be required to retain liabilities for certain matters.***

Whilst Harbour Energy's and, following Completion, the Enlarged Group's strategy is to continue to increase its oil and gas reserves, including through pursuing inorganic opportunities, Harbour Energy regularly reviews and, following Completion, the Enlarged Group will regularly review its asset base to assess the market value versus holding value of existing assets, with a view to disposing of non-strategic assets and optimising deployed capital.

The ability of Harbour Energy and, following Completion, the Enlarged Group to dispose of non-strategic assets could be affected by various factors, including the availability of purchasers who are willing and able to acquire such assets at prices acceptable to it. Sellers typically retain certain liabilities or agree to indemnify buyers for certain matters and to divest certain assets Harbour Energy and, following Completion, the Enlarged Group may provide certain indemnities to a buyer. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestiture transactions, third parties may be unwilling to release Harbour Energy and, following Completion, the Enlarged Group from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a sale, Harbour Energy and, following Completion, the Enlarged Group may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations.

PART III—INFORMATION ON THE TARGET PORTFOLIO

The following information should be read in conjunction with the information appearing elsewhere in this document, including the financial and other information in Part VI (Historical Financial Information relating to the Target Portfolio) of this Circular and Part XI (Competent Person's Report on the Target Company's Portfolio) of the Prospectus.

Overview

The Target Portfolio is part of the Wintershall Dea group, one of the leading European independent gas and oil companies with full lifecycle capabilities across exploration, development and production activities, complemented by investments in midstream assets.

In the year ended 31 December 2023, the Target Portfolio produced 321 kboepd (2022: 318 kboepd), split approximately 208 and 113 kboepd between gas and liquid, respectively. Production was from a large, diversified and low-cost portfolio spanning three regions and eight countries, and extending from Northern Norway to the southern-most offshore production platform in the world in Argentina. The production, development and exploration assets of the Target Portfolio are located in Northern Europe (Norway, Germany and Denmark), North Africa (Egypt, Libya and Algeria), Mexico and Argentina and the CCS assets are located in the United Kingdom and Northern Europe (Norway, Germany and Denmark). Wintershall Dea's Russian joint ventures with Gazprom and midstream assets have been excluded from the Acquisition and are not being acquired by Harbour Energy. The Target Portfolio is operated predominantly via a partnership model with long-term joint venture arrangements with some of the world's leading oil and gas companies. A significant portion of the Target Portfolio is non-operated.

History and Development

Wintershall

Since Wintershall's inception in 1894, it completed its first discovery of crude oil in 1931 in Germany. It continued to expand its production capabilities with entries into Peru (1954), Libya (1958), Canada (1959), the Netherlands (1965), Norway (1973), Argentina (1978), Russia (1992) and the United Kingdom (2011). It was acquired by BASF in 1969. Its first major midstream investments were made in 1991. In 1998, the German upstream company Deminex (in which it held an 18.5 per cent. interest) was broken up. Following this dissolution, Wintershall retained Deminex's Argentinian, Russian and Azerbaijani assets. Wintershall completed the takeover of Clyde Netherlands B.V. in 2002 and Norwegian RevusEnergy ASA in 2008. In 2013, Wintershall further expanded its production in Norway with its acquisition of assets from Equinor Energy AS. In November 2018, Wintershall acquired a 10 per cent. interest in Ghasha, the largest gas and condensate concession to be developed in the UAE.

Dea

Since Dea's founding in 1899, it operated its first oil well in 1901 in Germany. It was taken over by Texaco in 1966 and acquired by RWE in 1988. It continued to expand its production capabilities with entries into Kazakhstan (1992), the United Kingdom (2002), Algeria (2002), Denmark (2003) and Mexico (2017). Following the dissolution of the German upstream company Deminex (of which it held an 18.5 per cent. interest), it retained all Deminex's Norwegian and Egyptian assets. In 2015, Dea was acquired from RWE by L1 Energy, and that same year, it completed the acquisition of E.ON E&P Norge, strengthening its Norwegian portfolio. In 2018, pursuant to the issuance of the relevant licence, Dea acquired participation and operatorship of the Ogarrio field in Mexico, significantly expanding its operations in the country. In 2019, Dea completed the acquisition of Sierra Oil & Gas, an independent Mexican oil and gas company with interests in several exploration and appraisal blocks including the Zama discovery.

Merger of Wintershall and Dea

On 1 May 2019, Wintershall and Dea merged to form the Wintershall Dea group.

Strengths

Harbour Energy believes that the Target Portfolio has a number of attractive features and strengths, as outlined below.

Large, attractive and diversified asset portfolio

Harbour Energy believes that the quality, scale and diversification of the Target Portfolio, in combination with Harbour Energy's existing business, will provide a foundation to compete effectively with larger U.S. and international oil and gas companies. The Target Portfolio has material production and reserves, plus undeveloped resources with asset diversity, both in terms of technical attributes as well as geographically. The Target Portfolio includes production, development and exploration assets in Germany, Norway, Egypt, Mexico and Argentina.

Each of these countries is a well-established hydrocarbon province and together they deliver material production volumes and contribute significant cash flow. The Target Portfolio also benefits from the German engineering heritage of the Wintershall Dea group and its decades of operational experience in these countries.

Production from the Target Portfolio is underpinned by a significant reserve and resource base. As at 31 December 2023, the Target Portfolio had working interest 2P reserves of 1.1 billion boe and working interest 2C resources of 1.2 billion boe.

Some material assets in the Target Portfolio located in North Africa and Mexico benefit from investment guarantees provided by the Federal Republic of Germany for direct investments made by German companies in developing and emerging countries. These investment guarantees provide protection against a number of political risks including expropriation, nationalisation, civil wars, wars or other armed conflicts and payment embargoes or moratoria, under certain conditions.

In addition to geographical diversification, the Target Portfolio also benefits from a diversified product offering, with approximately two-thirds of the total production being linked directly to spot Brent and European gas prices and the remainder priced pursuant to various contractual arrangements including formula-based, index-based and fixed price contracts (primarily in North Africa and Argentina) among others providing a natural dampening effect to earnings volatility. The Target Portfolio is primarily gas weighted, with gas volumes accounting for approximately 65 per cent. of production for the year ended 31 December 2023. As of 31 December 2023, approximately 63 per cent. of the Target Portfolio's working interest 2P reserves were gas.

Resilience through peer-leading production costs

The low-cost assets in the Target Portfolio provide it with a competitive advantage throughout the commodity price cycle, enabling resilience in a low-price environment and enhancing net cash flow when commodity prices are higher.

The combined unit production costs for the Target Portfolio (based on Wintershall Dea's definition of unit production costs) have been stable for past years with $6.6/boe for the year ended 31 December 2023, positioning it amongst the lowest unit production cost portfolios in the Enlarged Group's peer-group. For a description of the one-off effect of a commercial settlement in Germany with a third party that affected the combined unit production costs in 2022, see "*Results of Operations—Comparison of Results of Operations of the Target Portfolio for the Years Ended 31 December 2023 and 31 December 2022—Cost of operations*" in Part VII (*Operating and Financial Review relating to the Target Portfolio*) of the Prospectus.

Strong partnerships with high-quality operators

Approximately 24 per cent. of the Target Portfolio's production for the twelve months ended 31 December 2023 is operated directly by Wintershall Dea, with the balance either operated by well-established operators with deep in-country operating experience and stakeholder relationships or long-term joint venture partnerships, including with national oil companies. This includes Equinor, Aker BP and Vår Energi in Norway, BP in Egypt and TotalEnergies in Argentina. In addition, many of these joint venture partnerships have existed for multiple decades, such as in Argentina where TotalEnergies and Wintershall Dea have partnered for more than 45 years.

The Target Portfolio also benefits from long term constructive relationships with key national oil companies, including EGPC and EGAS in Egypt, YPF in Argentina, Pemex in Mexico, Sonatrach in Algeria and National Oil Corporation in Libya.

Strong ESG performance and well positioned to play an important role in the energy transition

Wintershall Dea has been recognised as a top-rated ESG performer for the fourth time by the ESG risk rating provider, Sustainalytics, in 2024. With about 65 per cent. of the Target Portfolio's production being gas, its peer group leading GHG emissions intensity and its pipeline of CCS projects in Northern Europe, Harbour Energy believes that the Target Portfolio is well positioned to play an important role in the energy transition.

Target Portfolio Assets

The following map sets forth the geographic locations of the Target Portfolio assets:

The Target Portfolio assets are located in eight countries across Northern Europe (Norway, Germany and Denmark), North Africa (Egypt, Libya and Algeria) and Latin America (Argentina and Mexico). Wintershall Dea operates approximately 24 per cent. of the Target Portfolio's production for the twelve months ended 31 December 2023.

As of 31 December 2023, the Target Portfolio had working interest 2P reserves of 1.1 billion boe. As of 31 December 2023, the Target Portfolio's working interest 2P reserves consisted of 63 per cent. gas and 37 per cent. liquids, with 65 per cent. in Europe, 23 per cent. in Argentina, 5 per cent. in Mexico and 7 per cent. in North Africa. The Target Portfolio's average aggregated working interest production during the full year ended 31 December 2023 was 321 kboepd.

The Target Portfolio had working interest 2C contingent resources of approximately 1.2 billion boe, split approximately 39 per cent. and 61 per cent. between liquids and gas, respectively, as at 31 December 2023. The Target Portfolio's 2C resources are predominantly located in Northern Europe, Argentina and Mexico. The Target Portfolio includes exploration opportunities in attractive regions for growth, including Norway, Mexico and Egypt.

The following table sets forth the daily average production of the Target Portfolio for the years ended 31 December 2021, 31 December 2022 and 31 December 2023:

	Working Interest Production		
	Year ended 31 December		
Asset	**2021**	**2022**	**2023**
		(kboepd)[(1)]	
Norway	159	170	175
Germany	40	34	31
North Africa	55	47	46
Argentina	66	63	59
Mexico	4	4	10
Total[(2)]	**325**	**318**	**321**

(1) The production is presented on a working interest basis.

(2) This includes production in Denmark of 0.8 kboepd, 0.8 kboepd and 0.6 kboepd of liquids for the years ended 31 December 2021, 31 December 2022 and 31 December 2023, respectively.

The following table sets forth the daily average production for the key producing assets in the Target Portfolio for the years ended 31 December 2021, 31 December 2022 and 31 December 2023:

Asset	Working Interest (per cent.)	Operators	Production Year ended 31 December 2021	2022	2023
				(kboepd)	
Norway					
Gjøa Hub	Between 20—56.57	Vår Energi	41	43	46
Skarv Hub	Between 10—30	Aker BP	33	44	46
Njord Hub	Between 27.5—50	Equinor	0	0	12
Aasta Hansteen Hub	Between 10—30	Equinor	36	36	28
Dvalin Area	Between 40—55	Wintershall Dea	0	0	8
Maria Area	Between 38—50	Wintershall Dea	13	13	7
Edvard Grieg Hub	15	Aker BP	17	17	16
Snorre Area	Between 1.26-8.57	Equinor	10	10	9
Snøhvit Hub	2.81	Equinor	0	2	3
Norway—Other	Between 18-35.2	Aker BP, Wintershall Dea, Equinor	9	5	0
Total (Norway)			**159**	**170**	**175**
Germany					
Mittelplatte	100	Wintershall Dea	20	18	17
Völkersen	100	Wintershall Dea	10	8	7
Total (Germany)(1)			**40**	**34**	**31**
North Africa					
West Nile Delta	17.3	BP	24	28	26
Reggane Nord	24	Groupement Reggane Nord	9	9	8
Total (North Africa)(1)			**55**	**47**	**46**
Mexico					
Ogarrio	50	Wintershall Dea	4	4	3
Hokchi	37	Hokchi Energy	0	0	7
Total (Mexico)			**4**	**4**	**10**
Argentina					
CMA-1	37.50	TotalEnergies	49	45	42
Aguada Pichana Este	Between 22.5—27.3	TotalEnergies	13	14	14
Total (Argentina)(1)			**66**	**63**	**59**
Total(2)			**325**	**318**	**321**

(1) The aggregate production amount for each of Germany, North Africa and Argentina includes production from other assets not listed here.

(2) This includes production in Denmark of 0.8 kboepd, 0.8 kboepd and 0.6 kboepd of liquids for the years ended 31 December 2021, 31 December 2022 and 31 December 2023, respectively.

The following table sets forth a summary of its 2P reserves and 2C contingent resources as of 31 December 2023:

2P (Working Interest)	2P (Net Entitlement)	2C (Working Interest)
	(mmboe)(1)	
1,117	1,064	1,238

(1) Source: Target Company CPR. Individual figures might not sum up properly due to rounding.

Norway

In the year ended 31 December 2023, Norway accounted for 175 kboepd or 55 per cent. of the Target Portfolio's aggregated production, of which approximately 58 per cent. was gas. The Target Portfolio currently participates in around 90 licences, including holding a participating interest in a number of key producing platforms with a number of tieback fields both under production and development.

During 2023, the Wintershall Dea-operated Dvalin field commenced production, and approval was received for plans to develop the operated tie back projects Dvalin North and Maria Phase 2. Approval was also received for six additional developments where Wintershall Dea is a partner: Irpa, Solveig Phase 2, Njord Electrification, Snøhvit Future and the Skarv field satellites (Alve Nord and Idun Nord). The respective fields are expected to come into production from 2025 onwards. In 2023, Wintershall Dea continued to realise its ambitions in Carbon Management and Hydrogen and was awarded its second CO_2 storage licence in the Norwegian North Sea called 'Havstjerne'.

The working interest reserves associated with the Norwegian assets in the Target Portfolio as of 31 December 2023 are shown in the following table:

	Oil and Condensate	LPG	Sales Gas	Total
	(mmbbl)	*(mmbbl)*	*(bcf)*	*(mmboe)*
Proved plus probable Reserves (2P)	166	61	1,998	584

Source: Target Company CPR

The Norwegian assets that are material to the Target Portfolio's results of operations are described below.

Gjøa Hub—Production, Pre-Development, Exploration and Appraisal Assets

The Gjøa Hub is located in the northern part of the North Sea and consists of the Gjøa field (28.0 per cent. non-operated interest) and production facilities with subsea tie-backs including the Nova (39.0 per cent. operated interest) and Vega (56.7 per cent. operated interest) fields and nearby discoveries namely Beaujolais/Orion/Syrah (40.0 per cent. operated interest), Hamlet (28.0 per cent. non-operated interest) and Ofelia (20.0 per cent. non-operated interest).

The Gjøa Hub fields contain a range of hydrocarbons including oil, associated and non-associated gas and gas-condensates. The Gjøa field, operated by Vår Energi, was developed with subsea wells and a semi-submersible production and processing facility, which serves as the central processing facility for the Gjøa Hub. The operated Nova and Vega fields were developed as subsea tiebacks to the Gjøa facility, which is also host to the third party Duva field (operated by Vår Energi). The Gjøa facility is partly supplied with power from shore, thereby having low emissions and a low GHG emissions intensity. Gas is exported via the Far North Liquids and Associated Gas System ("**FLAGS**") to St. Fergus in the United Kingdom, and liquids are exported via the Troll Oil II Pipeline to Mongstad in Norway. Gjøa and Vega commenced production in 2010 and were followed by Nova in 2022.

The Gjøa Hub was Wintershall Dea's largest producer in 2023 averaging 46 kboepd. The increase over 2022 (43 kboepd) was a result of the Nova field coming onstream. During 2023, a water injector was drilled on Nova to support production and a further injector is planned in 2024. A successful appraisal well was drilled by Vår Energi in 2023 on the Ofelia discovery and there was an additional gas discovery made in a shallower horizon. There are plans to drill three exploration prospects in the vicinity of the Gjøa Hub within the next two years, of which two are to be operated by Wintershall Dea. Along with the existing discoveries which continue to be matured, these additional potential developments could prolong the life of the Gjøa Hub.

Net to the interest of Wintershall Dea, the Gjøa Hub averaged 46 kboepd, split between 22 kboepd of liquids and 24 kboepd of gas, for the year ended 31 December 2023.

Skarv Hub—Production, Development, Exploration and Appraisal Assets

The Skarv Hub is located in the Norwegian Sea and consists of several oil and gas fields and is operated by Aker BP. Fields currently in production include Skarv, Idun, Ærfugl, Ærfugl Nord and Gråsel fields (28.08 per cent. non-operated interest). Fields under development include Alve Nord (20.0 per cent. non-operated interest) and Idun Nord (28.08 per cent. non-operated interest). Discoveries include Newt (10.0 per cent. non-operated interest), Nidhogg (20.0 per cent. non-operated interest) and Storjo (30.0 per cent. non-operated interest). The Adriana-Sabina discovery (38.08 per cent. operated interest) is also located in the vicinity of the Skarv Hub.

The Skarv Hub fields contain a range of hydrocarbons including oil, associated and non-associated gas and gas-condensates. The Skarv Hub fields are developed with subsea wells and an FPSO which has been upgraded by extending the gas processing capacity to enable further tie-ins and extend the lifetime of the field. The FPSO will also be host to third party subsea development Ørn (operated by Aker BP, which is being developed in parallel with Alve Nord and Idun Nord (known collectively as the "**Skarv Satellite Project**"). Gas is exported via the Åsgard Transportation System ("**ÅTS**") to Kårstø and oil is offloaded and exported via dedicated tankers.

The Skarv Hub commenced production in 2013.

The Skarv Hub was Wintershall Dea's second largest producer in Norway in 2023 averaging 45 kboepd. This increase over 2022 (44 kboepd) was driven by higher production at the Skarv field resulting from high production efficiency, the conversion of injection wells to producers and the continued effect from the gas blowdown. Two infill wells will be drilled in 2024 and further infill wells are being matured. Development of Alve Nord and Idun Nord is progressing as planned with a target to achieve first production in the second half of 2027. An appraisal well is planned at the Storjo discovery in 2024 and the potential development of other discoveries will continue to be matured. Participation in the drilling of two exploration prospects in the Skarv Hub is also planned within the next two years. These additional potential developments could prolong the life of the Skarv Hub.

Furthermore, an appraisal well on Adriana was completed in February 2024, and the results are currently being evaluated in order to determine potential future development options and whether the Skarv Hub is an appropriate host facility. Sabina appraisal is being targeted in the near term. The Adriana and Sabina discoveries primarily contain wet gas and condensate.

Net to the interest of Wintershall Dea, the Skarv Hub averaged 45 kboepd, split between 12 kboepd of liquids and 34 kboepd of gas, for the year ended 31 December 2023.

Njord Hub—Production, Development and Pre-Development Assets

Njord is an oil and gas field in the Norwegian Sea and is a production hub for the area. The Njord Hub consists of the Njord (50.0 per cent. non-operated interest), Bauge (27.5 per cent. non-operated interest) and Hyme (27.5 per cent. non-operated interest) fields, three gas-condensate discoveries in the Northern part of Njord (NWFB/NF2/NF3) and the gas-condensate discovery Noatun (45.0 per cent. non-operated interest) north of Njord, all of which are operated by Equinor.

In 2022, the field restarted production after major upgrades and refurbishment commencing in 2016. The upgrades have facilitated the continuation of Njord as an area hub for the next 20 years.

The Njord Hub fields contain oil, associated and non-associated gas and gas-condensates. Njord consists of a floating steel platform unit, Njord A, containing drilling, processing and living quarter facilities, and an oil storage vessel, Njord Bravo. Bauge and Hyme are developed as subsea tiebacks to Njord A, which is also host to the third party owned Fenja field (operated by Vår Energi). Gas is exported via the ÅTS to Kårstø and oil is offloaded via shuttle tankers. Njord commenced production in 1997 followed by Hyme in 2013. Njord resumed production in December 2022, followed by a resumption in production in Hyme and the commencement of production in Bauge in April 2023.

10 new wells at Njord were sanctioned as part of the Njord Future project which commenced drilling in 2023 and will continue to 2027. Following issues identified with the blow-out preventer ("**BOP**") at the end of 2023 and in early 2024, the BOP was disassembled and brought to shore in January for repair and re-certification. As a result, the first new well is expected to be brought onstream in the third quarter of 2024. In addition, a water injection well at Bauge has been sanctioned. A project has also been sanctioned to provide power from shore to partly electrify the facilities from the middle of 2027. Noatun is located 15 km north of Njord and represents a future tieback opportunity, together with the NWFB/NF2/NF3 discoveries.

Net to the interest of Wintershall Dea, the Njord Hub averaged 12 kboepd, split between 8 kboepd of liquids and 4 kboepd of gas, for the year ended 31 December 2023.

Aasta Hansteen Hub—Production, Development and Appraisal Assets

The Aasta Hansteen Hub is located in the northern part of the Norwegian Sea and consists of the Aasta Hansteen field (24.0 per cent. non-operated interest), the Irpa (19.0 per cent. non-operated interest) development, and the Balderbrå (30.0 per cent. operated interest) and Obelix Upflank (10.0 per cent. non-operated interest) discoveries. The Aasta Hansteen Hub is operated by Equinor.

The Aasta Hansteen Hub contains gas-condensates and is currently the most deepwater field development on the Norwegian continental shelf, at a water depth of 1,300 metres. Aasta Hansteen was developed with subsea wells and a floating platform with a vertical cylindrical hull moored to the seabed (referred to as a "**SPAR platform**"). This was the first of its kind on the Norwegian continental shelf and the largest in the world. It is also the first in the world to have storage tanks for condensate. The SPAR platform will be host to the Irpa field which is being developed as a subsea tieback. Gas is exported via the Polarled pipeline to the Nyhamna terminal and condensate is offloaded via shuttle tankers. Aasta Hansteen commenced production in 2018.

In December 2022, the Irpa subsea tieback project entered the execution phase, with a target to achieve first production in 2026 and is expected to extend the lifetime of the Aasta Hansteen Hub. In January 2023, Wintershall Dea participated in the Equinor-operated Obelix Upflank gas discovery located 25 km south of the Irpa field development. The discovery is currently being evaluated as a potential tie-back to Irpa / Aasta Hansteen, but will likely require appraisal drilling prior to a development decision. Furthermore, a project is under evaluation to lower the inlet pressure on the Aasta Hansteen facility in order to increase field recovery.

Net to the interest of Wintershall Dea, Aasta Hansteen Hub averaged over 28 kboepd, split between 0.4 kboepd of liquids and 28 kboepd of gas, for the year ended 31 December 2023.

Dvalin—Production and Development Assets

Dvalin is located in the central part of the Norwegian Sea and consists of the Dvalin field and Dvalin North development (55.0 per cent. operated interest).

Both Dvalin and Dvalin North are high pressure high temperature gas-condensate reservoirs. The Dvalin field is developed as a subsea tieback to the Heidrun platform operated by Equinor. The Dvalin North field is being developed as a subsea tieback to Dvalin. From Heidrun, gas is exported via the Polarled pipeline to the Nyhamna terminal and liquids are offloaded via shuttle tankers. Dvalin commenced production in 2020 but was then shut in until 2023 to allow the installation of onshore mercury removal units. Dvalin started on continuous production in July 2023 and achieved plateau production in December 2023.

Dvalin North is currently under development and is expected to start production in late 2026.

Net to the interest of Wintershall Dea, Dvalin averaged 8 kboepd, split between 0.7 kboepd of liquids and 7 kboepd of gas, for the year ended 31 December 2023.

The Adriana-Sabina discoveries are also in the vicinity of Dvalin, but are considered part of the Skarv Hub. For details of the Adriana-Sabina discovery, see the section entitled "*—Skarv Hub—Production, Development, Exploration and Appraisal Assets*".

Maria Area—Production, Development and Pre-Development Assets

The Maria Area is located in the central part of the Norwegian Sea and consists of the Maria field (50.0 per cent. operated interest) and the Bergknapp discovery (40.0 per cent. operated interest).

The Maria field contains oil and associated gas, while the Bergknapp discovery contains oil, associated and non-associated gas. Maria is developed using subsea wells, with services provided by four host facilities: production is via the Kristin Platform, water injection from the Heidrun Platform, gas lift from Åsgard B via Tyrihans and oil export is from Kristin to Åsgard C and is then further offloaded to shuttle tankers. Gas export is sent via the ATS to the Kårstø terminal. The Maria field commenced production in 2017.

The Maria Phase 2 project entered the execution phase in 2023, and comprises a new subsea template and associated wells, with first production expected 2025. A Bergknapp appraisal well was successfully drilled in late 2023, the results of which will be evaluated and used to determine the future development plan and appropriate host facility.

Net to the interest of Wintershall Dea, the Maria Area averaged 7 kboepd, split between 6 kboepd of liquids and 1 kboepd of gas, for the year ended 31 December 2023.

Edvard Grieg Hub—Production Assets

The Edvard Grieg Hub is located in the central North Sea and consists of the Edvard Grieg and Solveig fields (15.0 per cent. non-operated interest), and is operated by Aker BP.

Edvard Grieg and Solveig contains oil and associated gas, and Solveig also contains non-associated gas. Edvard Grieg is developed with a fixed platform and is host to the Solveig field which is developed as a subsea tieback. Edvard Grieg also provides processing services to the third party Ivar Aasen field (operated by Aker BP). The Edvard Grieg platform has received electric power from shore since December 2022, making the field one of the lowest CO_2 emitters on the Norwegian shelf.

Edvard Grieg commenced production in 2015 followed by Solveig in 2021. Edvard Grieg will also provide processing services to the third party Hanz and Symra fields from 2024 and 2026, respectively. These are also both operated by Aker BP and are being developed as subsea tiebacks to Ivar Aasen.

During 2023 three infill wells were brought online at Edvard Grieg, with additional wells being matured for 2025 drilling. The Solveig Phase 2 project entered the execution phase in 2023, and comprises a subsea template and associated wells, with first production expected 2026.

Net to the interest of Wintershall Dea, Edvard Grieg Hub averaged 16 kboepd, split between 14 kboepd of liquids and 2 kboepd of gas, for the year ended 31 December 2023.

Snorre Area—Production Assets

The Snorre Area is located in the northern part of the North Sea and consists of the Snorre (8.57 per cent. non-operated interest), Vigdis (2.8 per cent. non-operated interest), Tordis (2.8 per cent. non-operated interest), Statfjord Øst (1.4 per cent. non-operated interest) and Sygna (1.26 per cent. non-operated interest) fields, all of which are operated by Equinor.

Snorre Area fields contain oil and associated gas. Snorre was developed with two floating platforms and associated subsea infrastructure. Snorre A is a floating tension-leg platform located in the south of the field, while Snorre B is a semi-submersible facility, located in the north of the field. Snorre commenced production in 1992 and over 1.5 billion barrels of oil have been produced to date. Vigdis is developed as a subsea tieback to Snorre A and commenced production in 1997. Oil from Snorre A is exported to the Gullfaks A platform for storage before being loaded onto shuttle tankers, while oil from Snorre B is exported to Statfjord B for storage before being loaded onto shuttle tankers. Since 2019, all Snorre and Vigdis gas is reinjected into Snorre to increase oil recovery.

Tordis is developed as a subsea tieback to the Gullfaks C platform, where oil is stored before being loaded onto shuttle tankers and gas is exported via Gassled A to Kårstø. Tordis commenced production in 1994. The Statfjord satellites (Statfjord Øst and Sygna) are two subsea developments tied into the Statfjord C platform, adjacent to Snorre. Statfjord Øst commenced production in 1994, and has recently undergone an IOR-project, comprising the installation of gas lift capabilities to two existing subsea templates and five infill wells drilled in 2023. Sygna commenced production in 2000.

The Hywind Tampen offshore floating wind project started operations and began supplying electricity to the adjacent Gullfaks field in November 2022 and to Snorre in September 2023. With six dedicated floating wind turbines, the expected reduction in CO_2 emissions for Snorre is about 120,000 tonnes (gross) per year.

During 2023, three infill wells were completed on Snorre and one was completed on Vigdis (for development of the Lomre discovery). In 2024, a further four wells are planned on Snorre and one well on Vigdis. A significant number of potential targets remains and Equinor is continuously maturing additional infill wells for Snorre, with the ambition of continued drilling from both platforms in the future. Future infill drilling is also planned for Tordis and Vigdis. The area around Snorre is still believed to have some exploration potential with identified leads and prospects.

Net to the interest of Wintershall Dea, the Snorre Area averaged over 9 kboepd of liquids for the year ended 31 December 2023.

Snøhvit Hub—Production and Development Assets

The Snøhvit Hub (2.81 per cent. non-operated interest) is located in the Barents Sea, and is operated by Equinor.

The offshore area includes several gas-condensate fields that are being developed in phases using subsea wells. Gas and condensate are exported via a multiphase pipeline to the onshore Melkøya LNG plant near Hammerfest, which separates the hydrocarbons into sales products (LNG, LPG and condensate) for shipment via tanker. Snøhvit commenced production in 2007.

The offshore Askeladd Vest field is currently in the execution phase, with first production expected in 2025. In 2022 the 'Snøhvit Future' project entered the execution phase, and includes onshore compression and electrification of the onshore plant, which will significantly reduce the CO_2 emissions from the onshore facility as well as extend plateau production. Onshore compression is scheduled to start in 2028 and electrification is expected to start in 2030. Expected production towards 2050 is mainly dependent on the realisation of the aforementioned project, offshore compression and various infill developments.

Net to the interest of Wintershall Dea, Snøhvit Hub averaged over 3 kboepd, split between 0.4 kboepd of liquids and 3 kboepd of gas, for the year ended 31 December 2023.

Norway—Other

The Target Portfolio has decommissioning liabilities associated with a number of fields, including:

- **Brage**: The Brage field (erstwhile 35.2 per cent. operated interest) was divested to Okea in 2022 together with the Ivar Aasen field (erstwhile 6.4615 per cent. non-operated interest) and a 6.0 per cent. equity share in the Nova field. The Brage field is currently expected to cease production in 2030 and the Target Portfolio has decommissioning liabilities associated with the transaction. Wintershall Dea will retain responsibility for 80 per cent. of Okea's share of total decommissioning costs with a defined maximum monetary value cap related to the Brage Unit.
- **Knarr (30 per cent. non-operated interest):** Knarr was operated by BG Group until February 2016 and then by Shell and ceased production in May 2022 and the floating production unit was removed from the field and will be repurposed by the vessel owner Altera for the Equinor operated Rosebank development in the UK. Upcoming decommissioning activities in respect of the Knarr field consist of permanent plugging of wells and the removal of subsea infrastructure and are expected to be completed by 2028.
- **Veslefrikk (18 per cent. non-operated interest)**: Veslefrikk was operated by Equinor and ceased production in February 2022. The permanent plugging of 24 wells and the towing of Veslefrikk B (a semi-submersible unit) to a disposal yard were completed in August 2022. Veslefrikk A is currently cold-stacked in field. Decommissioning activities are expected to be completed by 2027 after the removal and disposal of Veslefrikk A.

Exploration and Appraisal Assets in Norway

As of the date of this document, the Target Portfolio includes 38 exploration licences in Norway (excluding production and development assets), of which 13 are operated by Wintershall Dea. A total of 11 of these licences, including three as operator, were awarded in January 2023 by the Ministry for Energy as part of the 2022 APA licensing round. Furthermore, thirteen new licences were awarded in January 2024, following the 2023 APA licensing round, including five as operator, which became effective in March 2024. Potentially commercial discoveries on the licences include the operated Bergknapp (PL836S) and Adriana / Sabina (PL211 CS) discoveries in the Norwegian Sea, the Storjo (PL261), Nidhogg (PL1008) and Newt (PL941) discoveries in the Skarv Hub, as well as the Hamlet / Gjøa North (PL153) and Ofelia (PL929) discoveries in the vicinity of the Gjøa field. In addition, the Target Portfolio holds shares in the operated Orion, Beaujolais and Syrah (PL248 F) oil discoveries in the Vega area, the Alta and Neiden (PL609) oil discoveries located to the north of the Snøhvit field in the Barents Sea, the Obelix Upflank (PL1128) and Balderbrå (PL894) gas discoveries, located close to the Irpa and Aasta Hansteen fields, the Oswig East (PL1100) gas-condensate discovery, located near the Oseberg field, and the PL782S Busta and PL820S Iving discoveries located close to the Balder field. Several smaller nearfield discoveries made in recent years are now included in the reserves for the relevant host fields, including the Tellus East / Jorvik Basin (PL338) and Solveig D segment (PL359) discoveries in the Edvard Grieg Hub and the Tordis Statfjord and Lomre (PL089) discoveries in the Tordis / Vigdis area.

In 2024, Wintershall Dea expects to participate in six E&A wells on the Norwegian Shelf, three of them as operator. The wells are primarily focussed on nearfield exploration and appraisal opportunities in core areas close to producing assets. A similar level of activity is expected in 2025, with a further four to six E&A wells planned.

Germany

The German assets in the Target Portfolio are in aggregate the largest oil and gas producer in Germany, with 100 per cent. working interest in the biggest oil field in Germany (Mittelplate) and 100 per cent. working interest in one of the biggest gas fields in Germany (Völkersen). In the year ended 31 December 2023, Germany accounted for 31 kboepd or approximately 10 per cent. of the aggregated production of the Target Portfolio, of which 38 per cent. was gas.

The working interest reserves associated with the German assets in the Target Portfolio as of 31 December 2023 are shown in the following table.

	Oil and Condensate	**LPG**	**Sales Gas**	**Total**
	(mmbbl)	***(mmbbl)***	***(bcf)***	***(mmboe)***
Proved plus probable Reserves (2P)	102	0	218	140

Source: Target Company CPR

Mittelplate—Production Asset

The Mittelplate field (100.0 per cent. operated interest), is located in the Elbe estuary mouth within the North Sea tidal flats of the Wadden Sea, approximately 8 kilometres offshore and also within a UNESCO World Heritage site. Mittelplate is the largest and most productive oil field in Germany, delivering more than 50 per cent. of domestic oil production.

The Mittelplate field contains oil and associated gas and was developed from both an artificial island at the offshore field location, and via extended reach wells drilled from an onshore location at Dieksand. Hydrocarbons are exported from the artificial island via pipeline to the onshore processing site at Dieksand, from which oil is then exported via pipeline to the Brunsbüttel and Heide refineries, and gas is exported to Brunsbüttel. Water extracted from the oil is sent back offshore via pipeline and re-injected into the reservoir for pressure maintenance. Mittelplate commenced production in 1987.

Wintershall Dea has operated the Mittelplate field for over 35 years. The artificial island is continuously improved by maintenance and upgrades, adhering to legal and technical requirements.

The gas turbine-driven power supply of the artificial island was switched to renewable power from shore in 2020, saving up to 36,000 tonnes of CO_2 per annum. Mittelplate is also planned to be supplied by noiseless hybrid hydrogen-powered logistic vessels in one of the world's first zero-emission marine applications. This will save 275,000 litres of diesel fuel, equal to 700 tonnes of CO_2 annually.

Mittelplate was Wintershall Dea's largest producer in Germany in 2023, averaging 17 kboepd. Operations in 2023 were dominated by further implementing efficiency measures and optimising infill development wells aimed at maintaining plateau production in the field. A focus of operations in 2024 is the drilling of two new production wells, with one planned to start production in the third quarter of 2024 and the other planned to start production in the first quarter of 2025.

Net to the interest of Wintershall Dea, Mittelplate averaged 17 kboepd, split between 16.7 kboepd of liquids and 0.2 kboepd of gas, for the year ended 31 December 2023.

Völkersen—Production Asset

Völkersen (100.0 per cent. operated interest) is an onshore gas field located in Northern Germany, approximately 30 kilometres southeast of Bremen. Völkersen is developed via several drilling sites, satellite processing plants and one central processing plant in Langwedel-Holtebüttel. Gas is exported via flowlines to the regulated transport system into the relevant market area and consumed in Lower Saxony. Völkersen commenced production in 1994, and is currently among the largest natural gas fields in Germany.

Wintershall Dea discovered the Völkersen field in 1992 and significant production started in 1994. Operations in Völkersen continue to focus on optimising production and accelerating the recovery of remaining gas reserves in a mature environment. To support efficient and safe operations, Wintershall Dea upgraded the central control room which provides state-of-the-art 24/7 plant monitoring and remote control capabilities.

Völkersen was Wintershall Dea's second largest producer in Germany in 2023, and contributes approximately half of the total gas production volumes for the Wintershall Dea group's Production District Gas Nord.

In 2023, Wintershall Dea successfully completed three coiled tubing cleanouts on Völkersen wells, as well as several smaller well interventions. Further workover and well intervention activities are planned for 2024.

Net to the interest of Wintershall Dea, Völkersen averaged 7 kboepd (exclusively gas) for the year ended 31 December 2023.

Emlichheim—Production Asset

Emlichheim (90.0 per cent. operated interest) is located onshore in the district of Grafschaft Bentheim in Lower Saxony near the Dutch border. Emlichheim is one of the oldest oil fields in Germany, commencing production in 1944 and has been producing oil for 80 years.

Emlichheim is a heavy oil reservoir that has been developed with Enhanced Oil Recovery (EOR) techniques such as hot water and steam injection. Systematically applied reservoir management, production optimisation and EOR capabilities are used to maintain production. The wells are connected to a central processing facility at Emlichheim, after which oil is exported via a pipeline owned and operated by Wintershall Dea to a third party storage tank in Osterwald. From the storage tank, the crude oil is transported via a pipeline owned by a joint venture to the BP refinery in Lingen (Lower Saxony). Associated gas is used as fuel.

In 2023, a project to revise the production technology from steam injection to hot water injection was sanctioned. Through this project, energy consumption and CO_2 emissions are expected to reduce by around three quarters from 2025. Furthermore, a geothermal project to heat the injection water is under consideration which may result in further emissions reduction from 2026/2027 onwards. Ongoing sidetracks and a drilling campaign are underway to support production levels.

Net to the interest of Wintershall Dea, Emlichheim averaged 2 kboepd for the year ended 31 December 2023.

Denmark—Production Assets, Decommissioning

Wintershall Dea is a partner in two oil producing licences in Denmark, 4/95 Nini (42.86 per cent. non-operated interest) and 16/98 Cecilie (43.59 per cent. non-operated interest), both operated by INEOS Energy. Cecilie and Nini were developed with three unmanned platforms tied back to facilities in licence 6/95 Siri (operated by INEOS Energy) for processing, storage and export via tanker. Cecilie and Nini commenced production in 2003, but are now at a late-life stage with cessation of production expected at the end of 2026.

Net to the interest of Wintershall Dea, Nini and Cecilie averaged 0.6 kboepd of liquids for the year ended 31 December 2023.

Decommissioning is planned to be carried out in a five year long campaign. With the development of the Greensand project and the accompanying CO_2 storage license IRIS, depleted oil fields of the Nini and Cecilie license will be used, including existing infrastructure. This will postpone the main parts of the Nini and Cecilie abandonment campaign to the end of the CCS activities.

North Africa

The Target Portfolio's North Africa assets are located in Egypt, Algeria and Libya. In the year ended 31 December 2023, North Africa accounted for 46 kboepd or approximately 14 per cent. of the aggregated production of the Target Portfolio, of which 84 per cent. was gas. A majority of the assets in North Africa are covered by German federal investment guarantees. See the section entitled "—*Insurance*" in this Part III (*Information on the Target Portfolio*).

The working interest reserves associated with the North Africa assets as of 31 December 2023 are shown in the following table.

	Oil and Condensate	**LPG**	**Sales Gas**	**Total**
	(mmbbl)	***(mmbbl)***	***(bcf)***	***(mmboe)***
Proved plus probable Reserves (2P)	12	0.3	388	82

Source: Target Company CPR

Egypt

Nile Delta Offshore Area—Production, Development and Exploration Assets

The Nile Delta Offshore Area is located offshore Egypt and includes both the North Alexandria and West Mediterranean offshore West Nile Delta ("**WND**") project and the North West Abu Qir exploration block (both 17.25 per cent. non-operated interest), and is operated by BP.

WND is one of the largest assets in the Mediterranean Sea and provides critical gas supply to the domestic market. The project offers unique governance terms, with no traditional joint venture operation involving an NOC or cost recovery structure and is the first production asset in Egypt to be operated by an international oil company. Development operations are carried out under the supervision of a joint development committee formed pursuant to the terms of the PSC.

The WND project includes five fields containing gas-condensates: Giza, Fayoum, Libra, Raven and Taurus. The fields are developed with subsea wells and connected via multiphase pipelines to onshore processing facilities. The Taurus and Libra fields are connected via an offshore tie-in to the third-party Burullus subsea and onshore infrastructure. The Fayoum and Giza fields are connected via pipeline to the onshore Rosetta processing facility, and are also using the Burullus onshore facility to ensure higher efficiency. The Raven field is connected via pipeline to a new processing facility, the Raven plant, adjacent to the existing Rosetta facility. Gas and condensate is exported via pipeline to the domestic market. Production commenced from the Taurus and Libra fields in 2017, followed by Giza and Fayoum fields in 2019, and Raven in 2021.

WND was Wintershall Dea's largest producer in Egypt in 2023 averaging 26 kboepd. The Raven field continued to produce at plateau level throughout the majority of 2023. Meanwhile, production optimisation activities were conducted to extend the production of the remaining fields. In 2023, a project to drill two wells in Raven West and to tie-back to the existing Raven subsea infrastructure entered the execution phase with first production expected in 2025. A further exploration opportunity is being evaluated which in the event of success could be tied back via the existing Fayoum infrastructure. In the North West Abu Qir block, a number of prospects are under evaluation, and a potential exploration well is expected in 2025/2026.

Net to the interest of Wintershall Dea, the Nile Delta Offshore Area averaged 26 kboepd, split between 4 kboepd of liquids and 22 kboepd of gas, for the year ended 31 December 2023.

Nile Delta Onshore Area—Production Asset

The Nile Delta Onshore Area is located onshore Egypt approximately halfway between Alexandria and Damietta, and includes the Disouq concession (100.0 per cent. non-operated interest), which is operated by DISOUCO, a joint venture between Wintershall Dea and the Egyptian Natural Gas Company (EGAS), and East Damanhour (40.0 per cent. non-operated interest, with operations managed by DISOUCO via a service agreement).

The Disouq concession includes several dry gas and gas condensate fields connected to a central processing facility, which delivers gas and condensate into Egypt's national pipeline system. East Damanhour is a gas field that is developed via a single well tieback to the Disouq infrastructure. Disouq commenced production in 2013 followed by East Damanhour in 2023.

Within the Disouq concession, the North West Sidi Ghazi ("**NWSG**") development project is under execution. The project's focus is to expand the capacity of the central treatment plant to cater for extra volumes of condensate. The first stage of the upgrade was completed in December 2023 and the second stage is expected to be completed by mid-2024. The NWSG rich-gas production helps to enhance production from the Disouq fields and to continue to maximise utilisation of gas ullage in the central processing facility. A number of exploration prospects within the Disouq concession are being matured for potential future drilling.

Net to the interest of Wintershall Dea, the Nile Delta Onshore Area averaged 9 kboepd, split between 1 kboepd of liquids and 8 kboepd of gas, for the year ended 31 December 2023.

Algeria

Reggane Nord—Production and Development Asset

Reggane Nord (24.0 per cent. non-operated interest) is located in south-western Algeria in the Sahara desert, approximately 1,500 kilometres from the capital, Algiers, and the Mediterranean coast. Reggane Nord is operated by Groupement Reggane, representing its partners Sonatrach, Repsol and Wintershall Dea.

Reggane Nord includes several dry gas fields connected to a central processing facility, with gas export via a pipeline connecting to the Algerian national pipeline network. Reggane Nord commenced production in 2017.

The 2023 and 2024 operations mainly focus on the ongoing third drilling campaign. In May 2023, a second drilling rig was mobilised and started drilling. Drilling operations currently focus on the four (Reggane, Azrafil-SE, Kahlouche and Kahlouche-S)producing fields. Two (Tiouliline and Sali) currently undeveloped fields are to be drilled from 2025 onwards. In addition, several business development opportunities are being evaluated to continue growth in the area.

Net to the interest of Wintershall Dea, Reggane Nord averaged 8 kboepd, of gas, for the year ended 31 December 2023.

Libya

The target portfolio's main asset in Libya is the offshore Al-Jurf production asset. In addition, onshore exploration blocks Area 69, 70, 86, 87 (NC 193), Area 88, 89 (NC 195) and Area 58 are part of the Target Portfolio. These are exploration blocks (EPSA IV) that are currently the subject of certain force majeure events.

Al-Jurf—Production Asset

Al-Jurf (12.5 per cent. non-operated interest) is located in the Mediterranean Sea, about 100 kilometres off Libya's western coast, and is operated by Mabruk Oil Operations, the Libyan National Oil Corporation (50 per cent.) and TotalEnergies (37.5 per cent.) holds the remaining equity.

Net to the interest of Wintershall Dea, Al-Jurf averaged 2 kboepd of liquids for the year ended 31 December 2023.

Argentina

The Wintershall Dea group has been active in Argentina since 1978. Today, the Argentinian assets in the Target Portfolio constitute in aggregate one of the largest gas producers in Argentina.They include a 37.5 per cent. non-operated interest in the mainly offshore CMA-1 fields in southern Argentina as well as interests in the large Vaca Muerta play. Wintershall Dea's Argentinian assets produced 59 kboepd for the year ended 31 December 2023, of which 92 per cent. was gas.

The working interest reserves associated with the Argentinian assets in the Target Portfolio as of 31 December 2023 are shown in the following table.

	Oil and Condensate	LPG	Sales Gas	Total
	(mmbbl)	*(mmbbl)*	*(bcf)*	*(mmboe)*
Proved plus probable Reserves (2P)	12	9	1,331	259

Source: Target Company CPR

Cuenca Marina Austral—Production and Development Assets

Cuenca Marina Austral 1 ("**CMA-1**") (37.5 per cent. non-operated interest) is located in southern Argentina in Tierra del Fuego, and is operated by TotalEnergies. It includes several fields and discoveries, all of which are located offshore except for the Cañadon Alfa complex, which produces from both onshore and offshore reservoirs. Approximately 16 per cent. of the gas produced in Argentina comes from CMA-1.

CMA-1 fields include a range of hydrocarbons including oil, condensate, associated and non associated gas. The fields were developed with five offshore platforms connected via pipeline to onshore processing facilities at Cañadón Alfa and Rio Cullen. Gas is exported via the national pipeline network. Oil and gasoline are exported via tanker, and other liquids produced in the Turbo Expander facilities of Cañadón Alfa-LPG are exported to Chile through an onshore pipeline. Onshore production from CMA-1 commenced in 1972 from Cañadon Alfa, with first offshore production starting in 1989 from the Hidra field.

CMA-1 was Wintershall Dea's largest producer in Argentina in 2023, averaging 42 kboepd which represents 71 per cent. of Wintershall Dea's overall production in the country.

The Fénix project is currently in the execution phase and involves development of an offshore gas field with a new platform and connection to the existing offshore and onshore infrastructure. The offshore platform was successfully installed in February 2024 and first production is expected in the fourth quarter of 2024. The contribution from Fénix is expected to extend the production plateau of CMA-1. Fénix is the sixth offshore platform installed in CMA-1 and will become the eighth field on production. The joint venture partners are evaluating various projects in CMA-1 which plan to optimise hydrocarbon recovery and reduction of the environmental impact of operations in Tierra del Fuego.

Net to the interest of Wintershall Dea, CMA-1 averaged 42 kboepd, split between 4 kboepd of liquids and 38 kboepd of gas for the year ended 31 December 2023.

Aguada Pichana Este—Production Assets

Aguada Pichana Este ("**APE**", non-operated interest) is located in the Neuquén Province in central Argentina and is operated by TotalEnergies.

APE comprises two separate licences: (i) the residual licence (27.27 per cent. interest), under which conventional gas has been produced since 1996 and also encompasses gas production from tight developments and exploratory and pilot wells from Vaca Muerta shale drilled before the unconventional exploitation concession over APE was granted; and (ii) the Vaca Muerta licence (22.5 per cent. interest), for the production of dry and rich gas from the shale formation since 2017. APE comprises several fields connected via a gathering system to a central processing facility. Gas and liquids are exported in separate pipelines to Loma La Lata, after which gas is exported via pipelines to Buenos Aires and liquids are exported via pipeline to the EBYTEM terminal at Bahía Blanca.

In APE Vaca Muerta, 10 wells were brought on stream in 2022 and 13 in 2023. Productivity of new wells showed an increase associated with the continuous enhancement of the completion design.

Production in 2023 was similar to 2022 due to external and non-controllable factors, such as market constraints associated to demand and weather conditions.

Future development activities on the APE Vaca Muerta licence are focusing on the Vaca Muerta shale formation, which holds significant contingent resources and currently has 76 wells in production. 12 more wells in APE Vaca Muerta are planned in 2024. Nevertheless, the decision on the amount of activity for the year is dynamic and will be adjusted according to market conditions. Future phases of drilling are being matured in order to maintain plateau production, and studies are underway to increase the capacity of the central processing plant.

Net to the interest of Wintershall Dea, APE averaged 14.2 kboepd, split between 0.3 kboepd of liquids and 13.9 kboepd of gas, for the year ended 31 December 2023.

San Roque—Production and Pre-development Assets

San Roque (24.71 per cent. non-operated interest) is located in the Neuquén Province in central Argentina and is operated by TotalEnergies.

San Roque comprises several mature oil and gas fields connected via a gathering system to a central processing facility. Gas and liquids are exported in separate pipelines to Loma La Lata, after which gas is exported via pipelines to Buenos Aires and liquids are exported via pipeline to the EBYTEM terminal at Bahía Blanca.

Production started in 1981 from conventional plays which are now fully developed. In 2018, exploratory and pilot projects targeting Vaca Muerta formation were conducted which demonstrated significant potential, with oil and/or volatile oil as the primary hydrocarbon phase.

During 2023, activities were focused on maintaining current production and minimising natural field decline. No additional development investments were performed nor are any future investments expected in the conventional plays.

The joint venture partners for San Roque are evaluating options to proceed with the development of the Vaca Muerta formation.

Net to the interest of Wintershall Dea, San Roque averaged 3 kboepd, split between 0.3 kboepd of liquids and 2.7 kboepd of gas, for the year ended 31 December 2023.

Mexico

In Mexico, the Target Portfolio includes the Hokchi and Ogarrio fields, which, in the year ended 31 December 2023, had production of about 7 kboepd and 3 kboepd, respectively, of which gas constituted 7 per cent. and 27 per cent., respectively. The interest in the Hokchi field was acquired in March 2023.

In addition, the Target Portfolio includes material interests in eight offshore exploration blocks located in the Tampico-Misantla and the Sureste basins in the Gulf of Mexico. In the Sureste Basin, the Target Portfolio includes a participation in Block 7, through which it holds an interest in the Zama discovery, one of the world's largest shallow-water discoveries in recent times. It also has a participation in Block 29, which includes the Polok and Chinwol discoveries. In 2023, Wintershall Dea made a material oil discovery on the Kan exploration prospect in Block 30.

The working interest reserves associated with the Mexican assets in the Target Portfolio as of 31 December 2023 are shown in the following table.

	Oil and Condensate	**LPG**	**Sales Gas**	**Total**
	(mmbbl)	***(mmbbl)***	***(bcf)***	***(mmboe)***
Proved plus probable Reserves (2P)	46	0	36	52

Source: Target Company CPR

Ogarrio—Production Asset

Ogarrio (50.0 per cent. operated interest) is a mature onshore oil field located 107 kilometres west of Villahermosa, in the state of Tabasco.

To date more than 500 wells have been drilled on the field, with 80 wells currently active. Surface infrastructure includes a gathering system and two processing facilities: the Ogarrio 2 processing facility is operated by Wintershall Dea, while the Ogarrio 5 processing facility is operated by PEMEX. Oil is subsequently exported to the La Venta processing facility operated by PEMEX and then onwards to the Palomas Crude Oil Commercialisation Centre. Gas is routed through a compression station located at Ogarrio operated by PEMEX, before being exported to the La Venta processing facility. Ogarrio commenced production in 1957.

In the near term, contemplated development activities in Ogarrio include drilling one development well, 20 major workovers, 45 minor workovers, installing additional gas compression capacity in the Ogarrio 2 facility and Front-end engineering design ("**FEED**") for waterflood facilities.

In 2023, Ogarrio production was impacted by downtime related to the PEMEX operated compression facility. Many wells depend on a steady supply of compressed gas from this facility for gas lift production. As a result, the asset is transitioning suitable wells to sucker rod pump systems, and enhancing compression capacity. Based on the results of a water injection test conducted in the central southern area of the field, a waterflood project has been initiated and will be matured with FEED commencing in 2024. The project is expected to improve the overall recovery and primarily aims to utilise existing wells and plans to reinject produced water from the field.

Net to the interest of Wintershall Dea, Ogarrio averaged 3 kboepd, split between 2 kboepd of liquids and 1 kboepd of gas, for the year ended 31 December 2023.

Hokchi—Production Asset

The Hokchi oil field (37.0 per cent. non-operated interest) is located in shallow water in the Sureste basin and is operated by Hokchi Energy, the Mexican subsidiary of Pan American Energy.

The Hokchi field is developed with two offshore platforms connected via pipeline to an onshore processing facility, where oil and gas are separated and treated for further sale to PEMEX.

Hokchi commenced production in 2020 and it is the Target Portfolio's largest producing asset in Mexico.

Three workovers are planned in 2024 and 2025 to replace electrical submersible pumps as well as modifications to the water injection plan to boost injection capacity. In the longer term, additional infill wells (producers and injectors), may be considered to optimize recovery efficiency.

Net to the interest of Wintershall Dea, Hokchi averaged over 9 kboepd, split between 8.5 kboepd of liquids and 0.6 kboepd of gas, for the part of the year ended 31 December 2023.

Zama—Pre-Development Asset

Wintershall Dea holds a 19.83 per cent. non-operated Interest in Zama. Harbour Energy is also a JV partner in Zama. For further details, see the section entitled "*Harbour Energy's Assets—International—Mexico—Zama oil field—Pre-development Asset*" in Part II (*Information on Harbour Energy*) of the Prospectus.

Exploration and Appraisal Assets in Mexico

The Target Portfolio also includes eight exploration/appraisal blocks in Mexico, with three exploration blocks located in the Tampico-Misantla Basin and five blocks located in the Sureste Basin.

The Kan oil field (40 per cent. operated interest) was discovered in 2023, in which Harbour Energy are also a JV partner. See "*—Harbour Energy's Assets—International—Mexico—Kan oil discovery—Exploration and Appraisal Asset*" in Part II (*Information on Harbour Energy*) of the Prospectus.

The Polok and Chinwol discoveries in Block 29 (25 per cent. non-operated interest) are operated by Repsol and following the appraisal of the Polok discovery in 2021, the partners are maturing the Polok project and are in the process of starting the detailed engineering phase. The proposed development concept is based on subsea wells and a leased FPSO, the identified vessel candidate was reserved in early March 2024 and is being inspected. Plans for further drilling on Block 29 will be evaluated by the partners during 2024.

In 2023, in the deep water Block 4 (50 per cent. non-operated interest), the Naajal well (operated by Petronas) was drilled resulting in a technical discovery. An appraisal plan for the discovery will be prepared during 2024, including an evaluation of the wider Naajal area, with further drilling dependent on the outcome of that evaluation.

CCS Projects—Pre-Development Assets

Overview

The carbon management and hydrogen team at Wintershall Dea is developing a portfolio of projects that has the potential to store 20 to 30 million tonnes of CO_2 per year by 2040. Wintershall Dea's CCS-related activities in Europe are concentrated in the North Sea where it has acquired a total of five licences in Denmark, Norway and the United Kingdom. In 2022, Wintershall Dea also launched a hydrogen project in Northern Germany called BlueHyNow.

Infrastructure and Project of Common Interest (PCI)

Wintershall Dea is evaluating the options for infrastructure projects to connect the sources of CO_2 capture in Europe to the Wintershall Dea existing CO_2 storage licences in the North Sea. In this process, Wintershall Dea is engaging with emitters and pipeline projects such as Nor-Ge and appraising the future CO_2-hub CO2nnectNow. The future H2-hub BlueHyNow has the potential to supply a significant amount of blue hydrogen. Taken together, these Wintershall Dea projects form part of the project EU2NSEA which was recently envisaged by the European Commission to be granted the status of a 'Project of Common interest' ("**PCI**"). Projects selected as PCIs can automatically benefit from many advantages stemming from the Trans-European Network—Energy (TEN-E) Regulations, including an accelerated permit granting and improved regulatory treatment. Projects on the list can also apply for financial support under the CEF Energy programme.

Denmark

Greensand

Wintershall Dea International GmbH holds a 40 per cent. non-operated share in the Greensand CCS-project operated by INEOS E&P A/S. The project involves repurposing depleted Danish oil fields, which are located in the Danish Sector close to the Norway-Denmark border. It is one of the most advanced CCS projects in the EU and the first project that has demonstrated a cross-border CO_2 transport based on bilateral agreements between Belgium and Denmark. First CO_2 injection was achieved in March 2023 as part of a pilot project in which CO_2 was captured from an emitter in Belgium, transported by ship in special containers to the Nini West platform and safely stored in the depleted Nini West oil field.

The Greensand CO_2-storage licence (C2023/01—Iris) was awarded in early February 2023 to Wintershall Dea International GmbH (40 per cent. non-operated interest), INEOS E&P A/S (40 per cent. operated interest) and Nordsøfonden (20 per cent. non-operated interest). As part of the licence work program, the consortium submitted the storage site application in February 2024 for Nini West. With the expansion of the project, Greensand CCS can store a considerable part of Denmark's total annual emissions and other un-abatable sectors in Europe may add to the stream. The project is targeting a total storage potential of up to 8 mtpa of CO_2.

The Greensand development concept is to re-use existing infrastructure around the depleted oilfields, with CO_2 being transported to the site via ship or pipeline.

Greensand has received independent certification, via DNV, for its pilot phase and the site endorsement is targeted in 2024 according to ISO 27914.

Greenport Scandinavia

Wintershall Dea is evaluating the future development of the port of Hirtshals to become a pivotal part of a CCS network in the North of Denmark with partners along a Denmark CCS value chain. Greenport Scandinavia has the potential to become one of the largest CO_2 hubs in North-West Europe. In 2023, the project received funding from the EU and, in the first phase, plans to utilise the Greensand offshore storage (Wintershall Dea 40 per cent. non-operated interest), operated by INEOS and collecting biogenic CO_2 from local emitters, as these emissions are biogenic in origin this would develop an overall negative CO_2 emissions potential. In parallel, the maturation of a new value chain of capture and transport will be designed via a future pipeline network for industrial CO_2 emitters in Denmark. In an extended phase, Greenport Scandinavia has the potential for expansion to facilitate a central collection hub serving as an import and export location for CO_2.

Germany

Wintershall Dea's current CCS and hydrogen projects in Germany are at an early stage and limited to memoranda of understanding and other contracts with limited commitments.

Wilhelmshaven ENERGY HUB

BlueHyNow and CO_2nnectNow are part of the Wilhelmshaven ENERGY HUB, a group of project developers and stakeholders developing the city of Wilhelmshaven on Lower Saxony's coast into a new centre for supplying Germany with energy and supporting the Energy Transition. Wintershall Dea is involved in the Wilhelmshaven ENERGY HUB through the CO_2nnectNow and BlueHyNow projects. Wilhelmshaven features two landing stages for natural gas from Norway, a direct connection to Germany's planned hydrogen network, existing cavern storage facilities that can be converted to hydrogen storage and a deep-water port.

CO2nnectNow

This project aims to develop Wilhelmshaven into a logistical hub and collection point for CO_2 emissions from gas-based hydrogen production and energy intensive industries that plan to utilise CCS to decarbonise. Wilhelmshaven can act as a key hub for cross-border export of CO_2 based on connection to the future German CO_2 pipeline network. A draft legal framework for pipeline transport has been launched by the Federal Government of Germany as part of its carbon management strategy. For further details, see "*Germany*" in Part IV (*Regulatory Overview*) of the Prospectus. From Wilhelmshaven, the CO_2 could be transported by ship or pipeline to CCS storage sites in the North Sea. CO2nnectNow will benefit from funding options and accelerated permitting due to the status as a project of common interest.

BlueHyNow

The BlueHyNow project aims to produce environmentally friendly blue hydrogen from Norwegian natural gas. The project's development concept evaluates the potential for the hydrogen-generation to utilise the provision of electricity from green wind power from the North Sea. The German and Norwegian governments have signalled their intent to secure a significant supply of hydrogen from Norwegian natural gas for Germany. The project will benefit from funding options and accelerated permitting due to the status as a project of common interest.

United Kingdom

Camelot

*Wintershall Dea Carbon Management Solutions B.V. ("**WDCMS**") holds a 50 per cent. non-operated share in carbon storage licence CS019, Camelot, located in the Southern Gas Basin, which is operated by Synergia Energy. The licence was granted to WDCMS by the North Sea Transition Authority in August 2023. It has a total storage potential of up to 6 mtpa of CO_2 in a combination of depleted Rotliegend reservoirs (Camelot fields) and a Bunter saline aquifer structure (BC-18). The notional development concept foresees CO_2 transport via a shuttle tanker concept delivering to a floating injection storage and offloading unit moored in the shallow water of the Southern North Sea.*

Poseidon

In November 2023, Wintershall Dea joined its second CCS project in the UK, Poseidon, after acquiring a 10 per cent. stake in the licence CS009 from Carbon Catalyst. The Poseidon CCS project is operated by Perenco and is also located in the Southern Gas Basin. The Poseidon storage potential is currently estimated at approximately 1,000 million tonnes (gross) of CO_2, primarily in depleted Rotliegend reservoirs of the large, depleted Leman gas fields.

The Poseidon joint venture is currently appraising development concepts including pipeline and CO_2 shipping transport options. The Poseidon joint venture is targeting CO_2 injection of up to 40 mtpa once fully at scale. A CO_2 injectivity test is planned for the fourth quarter of 2024 and would be the first of its kind in the UK.

The Netherlands

In addition to its UK activities, WDCMS is party to several CCS cooperation agreements which provide for engineering studies and potential for, if concluded beneficial, joint licence-application with respect to permanent storage of CO_2 in designated depleted gas-reservoirs offshore The Netherlands. The agreements concern the following interests:

- K14-FA K14-FB Pre-FEED (3.6 per cent. non-operated interest, operated by Shell);
- K14-FA K14-FB FEED and application (3.6 per cent. non-operated interest, operated by Shell);
- Q1-B Pre-FEED, FEED and application (40 per cent. operated interest); and

- P6-A Pre-FEED, FEED and application (45 per cent. operated interest).

WDCMS has applied for two storage exploration licenses for several other areas in the K-blocks offshore The Netherlands, which are currently pending.

Norway

Havstjerne

Havstjerne (Carbon Storage Exploration Licence (EXL006), 60.0 per cent. operated interest) was awarded in May 2023 and is located in the southern part of the Norwegian Sea, approximately 100 km southeast of Egersund, offering an attractive sailing distance to ports located in Northern Europe. The licence work commitments include drilling of an exploration well planned to be drilled within the first quarter of 2025.

Concept selection for the development of the saline aquifer storage reservoir is targeted for 2025. Thereafter, a field development plan would need to be submitted to the Norwegian Ministry of Energy ("**MoE**") together with an application for an exploitation licence.

Appraisal of the Havstjerne development concepts include evaluation for CO_2 ship-based transport to an offshore injection unit and is targeting an injection rate of five mtpa of CO_2.

Luna

Luna (Carbon Storage Exploration Licence (EXL004), 60.0 per cent. operated interest) is located in the Norwegian Sea, approximately 120 km west of Bergen, and was awarded in November 2022. The licence work commitments include an exploration well.

Concept selection for the development of the storage reservoir is targeted for the first quarter of 2026. Thereafter, a field development plan would need to be submitted to the MoE together with an application for an exploitation licence. Development concepts for Luna are under evaluation including CO_2 transport via the Nor-Ge pipeline project, with the project targeting an annual injection capacity of five mtpa of CO_2.

The Nor-Ge pipeline project

The Nor-Ge pipeline project is a jointly operated pipeline project between Wintershall Dea and Equinor ASA, with each company having a 50 per cent. participating interest. The project consists of a CO_2 pipeline and associated compression facilities from Wilhelmshaven in Germany to the storage licences Smeaheia (EXL002—Equinor 100 per cent. operated interest) and Luna (EXL004—Wintershall Dea 60 per cent. operated interest) in the Norwegian sea. The Nor-Ge project is in the planning phase and has PCI status.

In parallel, Wintershall Dea and Equinor along with five other CCS companies in Norway are funding a transportation system study carried out by Gassco AS, comprising a similar CO_2 pipeline transportation system called CO_2T. Wintershall Dea is participating with a 14.3 per cent. non-operated interest, subject to participation by the various companies in the next phase.

Nor-Ge and CO_2T are planned to be assessed for a future potential combined CO_2T project.

Licence interests related to the Target Portfolio

The Target Portfolio's business is dependent on the holding of licences and approvals from government authorities, which entitle the Target Portfolio, *inter alia*, to extract oil and gas. Details of the key licences relating to the Target Portfolio are set out below (as at the Latest Practicable Date):

Country	Asset(s)	Operator	Wintershall Dea Group Equity (per cent.)
Algeria	Reggane Nord	Groupement Reggane Nord	24
Argentina	Aguada Pichana Este Residual	TotalEnergies	27.27
	Aguada Pichana Este Vaca Muerta	TotalEnergies	22.5
	San Roque	TotalEnergies	24.71
	CMA-1	TotalEnergies	37.5
Egypt	West Nile Delta	BP	17.25
	Disouq	DISOUCO	100
	East Damanhour	DISOUCO	40
Germany	Emlichheim	Wintershall Dea	90
	Mittelplate	Wintershall Dea	100
	Völkersen	Wintershall Dea	100
Libya	Contract areas 15, 16, 32 (Al-Jurf)	Mabruk Oil Operations	12.5
Mexico	Hokchi Block	Hokchi Energy	37
	Ogarrio	Wintershall Dea	50
	Block 7 (Zama)	PEMEX	19.83
	Block 29 (Polok, Chinwol)	Repsol	25
	Block 30 (Kan)	Wintershall Dea	40
	Block 4 (Naajal)	Petronas	50
Norway	Aasta Hansteen	Equinor	24
	Ærfugl Nord	Aker BP	28.08
	Edvard Grieg	Aker BP	15
	Gjøa	Vår Energi	28
	Maria	Wintershall Dea	50
	Njord	Equinor	50
	Nova	Wintershall Dea	39
	Skarv	Aker BP	28.08
	Snorre	Equinor	8.57
	Vega	Wintershall Dea	56.7
	Bauge	Equinor	27.5
	Dvalin	Wintershall Dea	55
	Dvalin North	Wintershall Dea	55
	Hyme	Equinor	27.5
	Havstjerne CO_2	Wintershall Dea	60
	Luna CO_2	Wintershall Dea	60
	Snøhvit (CO_2 and Petroleum)	Equinor	2.81
United Kingdom	Camelot CO_2	Synergy Energy	50
	Poseidon CO_2	Perenco	10
Denmark	Greensand CO_2	Ineos	40

Field and Commercial Partners

Non-operated joint ventures represent a large portion of the Target Portfolio. With respect to such assets, the business units of the Wintershall Dea group track the performance of the assets and their respective operator. A workflow has been established to secure a consistent approach to joint venture influencing. This approach includes operator assessments, stakeholder analyses, opportunities and risks and their mitigation. On this basis, the responsible asset team determines key focus areas that are deemed significant and can be influenced by the Wintershall Dea group. These areas are followed up regularly.

Health, Safety, Environment and Security

In relation to the Target Portfolio, the Wintershall Dea group actively manages the safety of all personnel working in its operations, including through the application of health and safety standards, the implementation of security measures at its facilities and internal and external audits of health and safety risks. Pursuant to its health and safety principles, it endeavours to:

- shape a health, safety, environment, and quality culture through its own behaviour by promoting cross-unit learning, exchanges and collaboration and driving cultural development;
- provide a safe and healthy working environment for those working on its behalf;
- drive a strong reporting culture to enable transparent follow up and communication of incidents, near misses and observations;
- identify, understand and manage risks worldwide to protect the company, its colleagues and ensure business continuity; and
- implement and maintain robust barriers for known risks as well as practices to create awareness of early signals to prevent incidents from happening.

The Wintershall Dea group has established safety cases for all operated production facilities and has robust emergency preparedness and incident management in place as well as regular training for employees and contractors. Its management systems are in line with the international ISO standard for occupational health and safety (ISO 45001) and it pursues regional certification of ISO 14001 (environmental management) and 50001 (energy management).

In relation to the Target Portfolio, the Wintershall Dea group uses a range of measures to track its HSE performance, such as lost time injury rate per million hours worked.

Climate and Environmental Protection

The methane emissions in exploration and production of the Target Portfolio are quantified and published according to OGMP 2.0 standards with a very low methane intensity below 0.2 per cent. Action plans are derived by the Wintershall Dea group to further reduce them. As some of the Target Portfolio assets operate in ecologically sensitive shallow water zones, such as the North German Wadden Sea (Mittelplate), risk assessments and studies are conducted to ascertain the potential environmental impact of Wintershall Dea's activities. For instance, at the Mittelplate asset, environmental-friendly measures including zero discharges and zero flaring, supplying via low draught ships, dimmed lighting, low noise levels and adhering to environmentally sensitive pipeline construction guidelines have been employed and there have not been any oil-related incidents at Mittelplate for more than 30 years. The electricity supply is 100 per cent. certified electricity from renewable energies. This made Mittelplate the first oilfield in Germany to be produced solely with green electricity. In addition, the Wintershall Dea group also performed water risk assessments on several of its sites and engages in platform recycling in the North Sea.

Insurance

The Wintershall Dea group maintains a number of separate insurance policies to protect its core businesses against loss and liability to third parties, including general liability, physical damage, operators' extra expense (which includes the cost of regaining control of wells, re-drilling, seepage, pollution, clean-up and contamination) and third party liability. These policies are arranged for the Wintershall Dea Group as a whole and therefore provide coverage for the Target Portfolio.

Certain material assets located in North Africa and Mexico, namely the Ogarrio, Reggane Nord, West Nile Delta and Disouq fields, benefit from investment guarantees provided by the Federal Republic of Germany for direct investments made by German companies in developing and emerging countries. These guarantees provide protection against certain political risks, including expropriation, nationalisation, civil wars, wars or other armed conflicts and payment embargoes or moratoria, under certain conditions. The coverage of the guarantees is limited by the general terms and conditions. Compensation paid under such guarantees is limited to the lower of: (i) 95 per cent. of the nominal guarantee amount; and (ii) 95 per cent. of the market value of the project at the time the event of loss occurs.

Employees

As of 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021, the Wintershall Dea group employed approximately 1,307, 1,325, 1,280 and 1,475 employees, respectively, in relation to the Target Portfolio.

Antibribery Laws

The Wintershall Dea group has, including in relation to the Target Portfolio, laid down a code of conduct which prescribes a company-internal zero tolerance policy for bribery and corruption in global business activity and implemented internal regulations on how to address the risks of corruption.

Decommissioning Liabilities

As of 31 December 2023, the Target Portfolio had decommissioning provision of $2.2 billion, including in relation to fields that are no longer producing, such as the Knarr and Veslefrikk fields. For the year ended 31 December 2023, the Target Portfolio's decommissioning expenditures totalled $41 million.

PART IV—TERMS AND CONDITIONS OF THE ACQUISITION

1. Business Combination Agreement

1.1 *Parties and structure*

The Business Combination Agreement was entered into on 21 December 2023 and amended on 7 June 2024 between the Company, BASF, BASF TopCo, LetterOne and LetterOne TopCo for the acquisition of substantially all of the upstream oil and gas assets of Wintershall Dea AG ("**Wintershall Dea**") for $11.2 billion (the "**Acquisition**").

1.2 *Consideration*

The Company will acquire the Target Portfolio for $11.2 billion comprising:

(a) the porting of existing Wintershall Dea Bonds with a nominal value of c.$4.9 billion and a weighted average coupon of c.1.8 per cent. to the Company;

(b) approximately 921.2 million new Company shares to be issued to BASF and LetterOne (the "**Consideration Shares**") at an agreed value of $4.15 billion or 360 pence per Harbour Energy share such that on Completion:

  (i) BASF will own 46.5 per cent. of the Company's Ordinary Shares; and

  (ii) LetterOne will own 251.5 million non-voting, non-listed convertible ordinary shares with preferential rights (the "**Non-Voting Shares**"). If the Non-Voting Shares were to be converted into Ordinary Shares, the Company's current shareholders would own 45.5 per cent. of the Company and BASF and LetterOne would own 39.6 per cent. and 14.9 per cent, respectively; and

(c) cash consideration of $2.15 billion to be funded through cash flow generated from the Target Portfolio between the effective date of 30 June 2023 and Completion, and an underwritten bridge facility,

(the "**Completion Consideration Cash Amount**").

The Completion Consideration Cash Amount is subject to certain adjustments to be agreed between the parties as set out in more detail in the Business Combination Agreement.

Non-Voting Shares

The Non-Voting Shares will have the following conditions to conversion to Ordinary Shares:

(a) each of the (direct or indirect) shareholders of the relevant Non-Voting Shareholder ceasing to be subject to relevant sanctions restrictions (**provided that** the relevant Non-Voting Shareholder is also not subject to such sanctions restrictions); and

(b) either:

  (i) the relevant Non-Voting Shareholder (having taken written advice from external legal counsel and consulted in good faith with the Company) that it is reasonably satisfied confirming that the conversion of the relevant Non-Voting Shares into Ordinary Shares does not require (i) authorisation from any regulatory authority under any foreign direct investment or national security legislation, or mandatory and/or suspensory merger control, antitrust or competition regime or (ii) any mandatory and/or suspensory sector regulatory consent (e.g., oil and gas regulatory change of control approvals); or

  (ii) if the relevant Non-Voting Shareholder considers that any such authorisation is required in respect of the conversion of the relevant Non-Voting Shares into Ordinary Shares (having taken written advice from external legal counsel and consulted in good faith with the Company), the receipt of such authorisation on terms reasonably satisfactory to the relevant Non-Voting Shareholder and the Company,

(the "**Conversion Conditions**").

The dividend payable on each Non-Voting Share will be at a 13 per cent. premium to any dividend payable in respect of each Ordinary Share, reflecting the fact that the Non-Voting Shares are unlisted and do not have voting rights attached to them.

The Non-Voting Shares will be transferable by LetterOne to certain permitted transferees, in certain cases only with the consent of the Company and in accordance with the terms of the Non-Voting Shares.

The rights and rights restrictions attaching to the Non-Voting Shares are set out in full in the Annex to the Notice of General Meeting set out in Part X (*Notice of General Meeting*).

Contingent Payments

BASF and LetterOne are entitled to up to six contingent payments from the Company, in an aggregate amount of up to US$300,000,000, dependent on the price of Brent oil during the relevant assessment periods (each a "**Contingent Payment**"). The Contingent Payments are required to be made at six monthly intervals commencing from 18 months following Completion. If the price of Brent oil during the relevant assessment period is greater than US$100 per barrel, then the Contingent Payment required to be paid by the Company will be US$50,000,000. The Contingent Payment will be US$30,000,000 for the relevant assessment period if the price per barrel of brent oil is greater than or equal to US$86 but less than or equal to US$100, and no Contingent Payment will be payable if the price per barrel of brent oil is below US$86 for the relevant assessment period.

The Company will be under no obligation to make a Contingent Payment following the disposal of any Consideration Shares by LetterOne and BASF (the "**Sellers**"), **provided that** if the disposal has been made by only one of BASF and LetterOne, then the non-disposing Seller will entitled to the Contingent Payment that would otherwise have been due and payable to such Seller.

1.3 ***Conditions***

Completion is subject to, and can only occur upon satisfaction or waiver of, among other things, the following conditions:

(a) the Prospectus and Circular having been approved by the FCA and, in the case of the Circular (to the extent required) the Takeover Panel, in each case in a form approved by BASF, BASF TopCo, LetterOne and LetterOne Topco;

(b) the passing of the Resolutions by the requisite majorities at the General Meeting;

(c) the FCA having confirmed to the Company or the Sponsor that the application for the readmission of the Existing Ordinary Shares and admission of all of the BASF Consideration Shares, in each case to the premium listing segment of the Official List of the FCA or a listing on the single category for equity shares in commercial companies if such new listing category as contemplated in FCA Consultation Paper CP23/31 has been implemented by the FCA and taken effect at the relevant time has been approved and will become effective as soon as the FCA's decision to re-admit the Existing Ordinary Shares and to admit the BASF Consideration Shares is announced;

(d) the London Stock Exchange having confirmed to the Company or the Sponsor that the application for the re-admission of the Existing Ordinary Shares and admission of all of the BASF Consideration Shares, in each case to trading on the main market for listed securities of the London Stock Exchange has been approved and will become effective subject to and concurrently with the re-admission of all of the Existing Ordinary Shares and admission of the BASF Consideration Shares in each case to the premium listing segment of the Official List of the FCA;

(e) the Takeover Panel having waived, subject to the passing by the requisite majority at the General Meeting of the terms of such waiver, any obligation which might fall on BASF or any person acting in concert (as defined in the Takeover Code) with it under Rule 9 of the Takeover Code to make an offer for the Company as a result of the issue of the BASF Consideration Shares;

(f) the Spin-off having been registered with the commercial register (Handelsregister) of Wintershall Dea and thereby having become effective;

(g) consent having been obtained from the relevant regulatory authorities, including amongst others in the United Kingdom, Mexico, Denmark and Algeria;

(h) merger control clearances or non-objections having been obtained from the relevant competition authorities in, among others, COMESA, Mexico and Ukraine;

(i) foreign direct investment clearance having been obtained from the relevant authorities in the UK;

(j) a clearance having been obtained from the European Commission under the Foreign Subsidies Regulation (Regulation (EU) 2022/2560); and

(k) no party to the Business Combination Agreement being subject to certain sanctions restrictions and Completion not causing any party to the Business Combination Agreement to be in violation of certain sanctions laws,

(together, the "**Conditions to Completion**").

1.4 ***LetterOne Purchase Option and Right of First Refusal***

The Business Combination Agreement provides LetterOne and LetterOne TopCo with an option (the "**LetterOne Purchase Option**") to acquire Ordinary Shares from BASF in an amount equal to between 3 per cent. and 5 per cent. (inclusive) of the Company's Ordinary Shares on a fully diluted basis. The LetterOne Purchase Option will be exercisable for a period of six months (the "**LetterOne Option Period**") commencing on the day that is six months following Completion and is subject to satisfaction of certain conditions including receipt of relevant regulatory approvals (if applicable). BASF and BASF TopCo have agreed to give an undertaking that during the LetterOne Option Period, BASF will hold an adequate number of Ordinary Shares sufficient to satisfy the LetterOne Purchase Option in full.

Pursuant to the Business Combination Agreement, LetterOne and LetterOne TopCo will also have a right of first refusal (the "**Right of First Refusal**") in respect of Ordinary Shares that BASF and BASF TopCo intend to dispose of, up to a maximum of 5 per cent. of the Company's Ordinary Shares on a fully diluted basis. The Right of First Refusal applies from the day that is six months following Completion and is subject to satisfaction of certain conditions, including receipt of relevant regulatory approvals (if applicable). The Right of First Refusal will provide LetterOne with the right to purchase the Ordinary Shares that BASF and BASF TopCo intend to dispose, at a price that BASF and BASF TopCo reasonably believes it can achieve in prevailing market conditions, **provided that** if LetterOne chooses not to utilise the Right of First Refusal and BASF and BASF TopCo subsequently agrees to sell the relevant Ordinary Shares to a third party at a price less than the price it offered them to LetterOne and LetterOne TopCo for, LetterOne and LetterOne TopCo will have the right to purchase the relevant Ordinary Shares on equivalent terms to those agreed between BASF, BASF TopCo and the third party.

The maximum number of Ordinary Shares that may be acquired by LetterOne and/or LetterOne TopCo from BASF and/or BASF TopCo shall be equal in aggregate to such number of Ordinary Shares that amounts to up to 5 per cent. of the Company's Ordinary Shares on a fully diluted basis.

1.5 ***Warranties***

The Business Combination Agreement contains fundamental warranties given by BASF, BASF TopCo, LetterOne and LetterOne Topco to the Company. These include, amongst other matters, warranties in respect of (i) their power and authority to enter into and perform their obligations under the Business Combination Agreement, (ii) the composition of and any rights or restrictions on the share capital of the Target Company, and (iii) compliance with laws and regulations.

The Company has given equivalent fundamental warranties to BASF, BASF TopCo, LetterOne and LetterOne TopCo including, amongst other matters, warranties in respect of (i) its power and authority to enter into and perform its obligations under the Business Combination Agreement, (ii) the composition of and any rights or restrictions on its share capital, (iii) compliance with laws and regulations and (iv) the Consideration Shares in issue will be duly authorised, validly issued and fully paid or credited as fully paid.

The warranties were given at signing of the Business Combination Agreement and will be repeated by each party immediately prior to Completion.

1.6 ***Covenants regarding the conduct of business***

The Company has agreed to ensure and BASF, BASF TopCo, LetterOne and LetterOne TopCo has each agreed to procure, respectively, that prior to Completion, the businesses of the Company and the businesses related to the Target Portfolio shall be carried on in all material respects in the ordinary course as disclosed by each party unless otherwise agreed. In addition, the Company has agreed to certain customary restrictions regarding the conduct of its business, and LetterOne, LetterOne TopCo, BASF and BASF TopCo have each agreed to procure that certain customary restrictions are complied with respect to the conduct of the business of the Target Portfolio, in each case in the period to Completion.

1.7 ***Leakage undertakings***

Each of the Company, BASF and LetterOne has warranted and agreed to give customary "no leakage" undertakings in respect of the period between 30 June 2023 and Completion. In the Company's case, the undertakings relate to payments to Shareholders that are not in the ordinary course of business or included within an agreed list of permitted items. In the case of BASF and LetterOne, the undertakings relate to payments to Wintershall Dea's direct and indirect shareholders that are not in the ordinary course of business or included within an agreed list of permitted items.

1.8 Governing law

The Business Combination Agreement is governed by the laws of England and Wales.

PART V—DETAILS OF THE TAKEOVER PANEL RULE 9 WAIVER

1. Background to and reasons for the Takeover Panel Rule 9 Waiver

1.1 *Issuance and distribution of the BASF Consideration Shares*

It is anticipated that, immediately following Completion, BASF, together with its concert parties, as determined in accordance with the Takeover Code, will hold 669,714,027 Ordinary Shares representing 39.5912341710 per cent. of the total issued share capital of the Company (excluding LetterOne's Non-Voting Shares, or approximately 46.5 per cent. of the Company's Ordinary Shares, being shares carrying voting rights). Since BASF's anticipated holding exceeds the 30 per cent. trigger for a mandatory offer under the Takeover Code, the Acquisition is conditional on a Rule 9 Waiver from the Takeover Panel in order to disapply mandatory offer requirements. This Rule 9 Waiver will require approval by the Company's independent Shareholders at the General Meeting. The BASF Consideration Shares will be subject to a six-month lock-up from Completion.

1.2 *Rule 9 and Rule 37 of the Takeover Code*

The Takeover Code applies to the Company. Rule 9 of the Takeover Code is designed to prevent the acquisition of control of a company to which the Takeover Code applies by any person without a general cash offer being made to all shareholders of that company.

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares (as defined in the Takeover Code) which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code is normally required to make an offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with that person, is interested in shares (as defined in the Takeover Code) which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company, an offer will normally be required if such person or any person acting in concert with that person acquires a further interest in shares which increases the percentage of shares carrying voting rights in which that person is interested.

An offer under Rule 9 of the Takeover Code must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

However, where the obligation to make a mandatory offer under Rule 9 of the Takeover Code might arise following an issue of new shares, the Takeover Panel normally will consent to a waiver of that obligation **provided that**, among other things, this is approved by a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code (although a shareholder who is neither a director nor acting in concert with a director normally will not incur an obligation to make a Rule 9 offer).

1.3 *Persons acting in concert with BASF*

Pursuant to the Takeover Code, a "concert party" arises when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of that company. Under the Takeover Code, "control" means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

The Takeover Panel applies a presumption that the vendors of a private company are acting in concert when the private company is sold to a company subject to the Takeover Code and they receive, as consideration, shares in that public company, unless the contrary is established. This is because the Takeover Panel considers that the vendors of the private company are considered likely to have co-operated together both in becoming shareholders in the private company and in agreeing a sale of the private company to the Takeover Code company; and also that they are likely to continue to co-operate together once they become shareholders in the Takeover Code company.

BASF and LetterOne are not acting in concert in relation to Harbour and—given the specific circumstances of the Acquisition—they have confirmed with the Takeover Panel that, for the purposes of the Takeover Code, LetterOne should not be considered to be acting in concert with BASF. The persons acting in concert with BASF and their respective expected holdings following Completion and Admission are set out in paragraph 2 (*Concert parties*) below.

1.4 ***Rule 9 waiver in respect of the mandatory offer obligation arising upon Completion in relation to the interest in Ordinary Shares***

As a result of the issue of BASF Consideration Shares upon Completion, BASF will hold over 30 per cent. of the voting rights of the Company and a mandatory offer normally would be required to be made by BASF under Rule 9 of the Takeover Code.

The Company has agreed with the Takeover Panel, however, that subject to the Rule 9 Waiver Resolution being passed on a poll by independent Shareholders at the General Meeting, the Takeover Panel will waive the requirement under Rule 9 of the Takeover Code for a mandatory offer to be made by BASF for the Ordinary Shares not already owned by BASF as a result of Completion and the issue of the BASF Consideration Shares. The Acquisition is conditional on the Rule 9 Waiver Resolution being passed by the independent Shareholders voting on a poll.

1.5 ***Rule 9 waiver in respect of the mandatory obligation arising following a buyback of Ordinary Shares***

At the annual general meeting ("**AGM**") of the Company held on 9 May 2024, the Company obtained authority from the Shareholders for the Company to repurchase Ordinary Shares representing up to 14.99 per cent. of the issued ordinary share capital at the time the AGM notice was published (the "**Buyback Authority**"). If the Buyback Authority is utilised after Completion, except with the consent of the Takeover Panel, BASF would be obliged to make an offer to all the remaining Shareholders to acquire their Ordinary Shares as a result of the increase in its Harbour shareholding. In the event that the Buyback Authority is exercised in full prior to Completion, the maximum interests in Ordinary Shares of BASF as at Completion will be 50.56 per cent.

The Company has agreed with the Takeover Panel, however, that subject to the Rule 9 Waiver Resolution being passed on a poll by independent Shareholders at the General Meeting, the Takeover Panel will waive the requirement under Rule 9 and Rule 37 of the Takeover Code for a mandatory offer to be made by BASF for the Ordinary Shares not already owned by BASF as a result of Harbour exercising its Buyback Authority following Completion. The Company intends to reapply for this waiver and seek shareholder approval on an annual basis at each annual general meeting.

1.6 ***The Rule 9 Waiver Resolution***

The Company therefore proposes that the independent Shareholders approve the Takeover Panel's waiver of any obligation on BASF to make a mandatory offer under Rule 9 of the Takeover Code arising as a result of the issue of the BASF Consideration Shares at Completion as set out above and/or any buyback pursuant to the Buyback Authority.

It is proposed that the independent Shareholders approve the Rule 9 Waiver Resolution, taken on a poll at the General Meeting, as further set out in the Notice of General Meeting.

All the Resolutions, including the Rule 9 Waiver Resolution, must be passed in order for the Acquisition to be implemented. All Resolutions will be taken on a poll.

The Takeover Panel's waiver will be invalidated if any purchases of Ordinary Shares are made by BASF, or any person acting in concert with it, in the period between the date of this document and the General Meeting.

In the event that the Rule 9 Waiver Resolution is passed, BASF will not be restricted from making an offer for the Company under the Takeover Code.

2. Concert parties

BASF TopCo is a German stock corporation organised in the form of a European Company (*Societas Europae*) with its registered address at Carl-Bosch Straβe 38, 67056 Ludwigshafen am Rhein, Germany.

The BASF Group is a global leader in industrial chemicals which combines economic success with environmental protection and social responsibility. More than 111,000 employees in the BASF Group contribute to the success of the BASF Group's customers in nearly all sectors and almost every country in the world. Its portfolio comprises six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF Topco's shares are traded on the stock exchange in Frankfurt am Main, Germany and as American Depositary Receipts in the United States.

BASF TopCo is interested in (i) shares carrying 30 per cent. or more of the voting rights of; and/or (ii) a majority of the equity share capital in, approximately 600 entities (the "**BASF Group**"). For the purposes of the Takeover Code, each member of the BASF Group is assumed to be concert parties of BASF TopCo.

BASF TopCo has a board of executive directors made up of Dr. Markus Kamieth (Chair), Dr. Dirk Elvermann, Michael Heinz, Anup Kothari, Dr. Stefan Kothrade and Dr. Katja Schwarpwinkel It also has Supervisory Board made up of Dr. Kurt Bock (Chair), Prof. Dr. Stefan Asenkerschbaumer (Vice Chair), Sinischa Horvat (Vice Chair), Prof. Dr. Thomas Carell, Liming Chen, Tatjana Diether, Alessandra Genco, Andre Matta, Nathalie Mühlenfeld, Michael Vassiliadis, Tamara Weinert and Peter Zaman.

BASF has the following four directors: Dr. Birka Benecke, Christian Jutzi, Oliver Nussbaum, and Dr. Stefan Rothweiler. The directors of BASF TopCo (which for this purpose includes BASF Topco's board of executive directors and its Supervisory Board) and BASF (the "**BASF Directors**"), together with each of their close relatives and related trusts, are assumed to be concert parties of BASF TopCo for the purposes of the Takeover Code.

As at the Latest Practicable Date, none of BASF TopCo nor its concert parties hold any Ordinary Shares in the Company.

3. Intentions of BASF

The background to and reasons for the Acquisition are set out above in paragraph 2 (*Background to and reasons for the Acquisition*) of Part I (*Letter from the Chair of Harbour Energy plc to Shareholders*). This Acquisition also provides BASF with the opportunity to monetise its stake in the Enlarged Group, as Harbour Energy is listed on the London Stock Exchange and is aligned with BASF TopCo's announced strategic goal of exiting the oil and gas business.

Following Completion, the ongoing relationship between BASF and the Company will be governed by the terms of the BASF Relationship Agreement (as described further below), the principal purpose of which is to ensure that BASF does not influence the day-to-day running of the Company at an operational level and shall allow the Company to operate on an independent basis. Pursuant to the BASF Relationship Agreement, BASF will be entitled to nominate two non-executive directors to the Board for so long as it (together with any of its associates) holds 25 per cent. or more of the of the Ordinary Shares, and will be able to appoint one non-executive director to the Board for so long as it (together with any its associates) holds 10 per cent. or more, but less than 25 per cent. of the Ordinary Shares, subject to certain conditions. However, BASF confirms it does not intend to be involved in the day-to-day management of the Enlarged Group's business and accordingly, other than as part of the integration pursuant to the Acquisition and the changes to the Board set out above, it does not intend to seek or implement any changes regarding:

- the Company's future business, including with regard to any research and development functions within the Company;
- the continued employment of the employees and management of the Company and its subsidiaries, including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management;
- the strategic plans of the Company, and their likely repercussions on employment and on the locations of the Company's places of business, including the location of the Company's headquarters and its headquarters functions;
- employer contributions into the Company's pension scheme(s) (including with regard to current arrangements for the funding of any scheme deficit), the accrual of benefits for existing members and the admission of new members;
- any redeployment of the fixed assets of the Company; or
- the continuation of the Ordinary Shares of the Company being admitted to trading on the London Stock Exchange's main market for listed securities.

- Following Completion, BASF and LetterOne will continue to be shareholders of Wintershall Dea. While Harbour Energy intends to take on some employees from Wintershall Dea's corporate headquarters, Wintershall Dea's headquarters and related employees are not within the scope of the Acquisition. In accordance with the requirements of Rule 24.2(c) of the Takeover Code, BASF confirms that it is currently intended to restructure Wintershall Dea's headquarters in Kassel and Hamburg, Germany. The finalisation and implementation of such restructuring is subject to detailed and comprehensive planning and would be subject to appropriate engagement with appropriate employee representative bodies in accordance with the legal obligations of Wintershall Dea and established practices. Therefore, detailed plans regarding such restructuring are still being formulated; BASF currently expects that the restructuring will result in a reduction of the employee headcount at, and ultimately the closure of, Wintershall Dea's headquarters.

4. Financial information

BASF TopCo is currently accorded credit ratings of A/F1 by Fitch, A3/P-2 by Moody's and A-/A-2 by S&P.

BASF TopCo currently accounts for the earnings, assets, and liabilities of Wintershall Dea using the equity method in its BASF group consolidated financial statements. After Completion, BASF TopCo expects to continue to account for the earnings, assets and liabilities of the Enlarged Group using the equity method and there is therefore not expected to be a material decrease in its earnings, assets and liabilities.

The following sets out financial information in respect of BASF TopCo required by Rule 24.3 of the Takeover Code. The documents referred to below are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code:

- the audited accounts of BASF TopCo for the financial year ended 31 December 2023 are set in BASF TopCo's integrated corporate report on economic, environmental and social performance report for the financial year ended 31 December 2023 available from BASF TopCo's website, www.basf.com/global/en/investors/calendar-and-publications/reporting.html;
- the audited accounts of BASF TopCo for the financial year ended 31 December 2022 are set in BASF TopCo's integrated corporate report on economic, environmental and social performance report for the financial year ended 31 December 2022 available from BASF TopCo's website, www.basf.com/global/en/investors/calendar-and-publications/reporting.html;
- copies of any interim statements and preliminary announcements made by BASF TopCo since the date of its last published audited accounts are available from BASF TopCo's website at www.basf.com/global/en/investors/calendar-and-publications/reporting.html.

The current credit ratings publicly accorded to the Company by S&P Global Ratings and Fitch Ratings are as follows:

Ratings Agency	Rating	Outlook	Publishing Date
S&P Global Ratings	BB	Stable	October 2021
Fitch Ratings	BB	Negative	October 2021

5. Middle market quotation of Ordinary Shares

Set out below are the middle market quotations for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange, for the first Business Day of each of the six months set out below and for the Latest Practicable Date:

Date	Price per Ordinary Share (pence)
Latest Practicable Date	303
2 April 2024	275
1 March 2024	264.3
1 February 2024	272
2 January 2024	316.9
1 December 2023	227.1
1 November 2023	245.4

PART VI—HISTORICAL FINANCIAL INFORMATION RELATING TO THE TARGET PORTFOLIO

This part of the Circular includes combined historical financial information in respect of the Target Portfolio for the three years ended 31 December 2023, 2022 and 2021 as well as an accountant's report thereon prepared by KPMG and is set out in two sections as follows:

- Section A sets out KPMG's accountant's report in respect of the Target Portfolio for the three years ended 31 December 2023, 2022 and 2021; and
- Section B sets out the combined historical financial information in respect of the Target Portfolio for the three years ended 31 December 2023, 2022 and 2021 and includes the accounting policies and notes to the combined historical financial information.

SECTION A: ACCOUNTANT'S REPORT IN RESPECT OF THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET PORTFOLIO

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The Directors
Harbour Energy plc
23 Lower Belgrave Street
London
SW1W 0NR

12 June 2024

Ladies and Gentlemen

The Target Portfolio

We report on the financial information of the Target Portfolio set out in Section B of Part VI of the Class 1 circular dated 12 June 2024 of Harbour Energy plc for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 (the "**Historical Financial Information**"). This report is required by paragraph 13.5.21R of the Listing Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Opinion on financial information

In our opinion, the Historical Financial Information gives, for the purposes of the Class 1 circular dated 12 June 2024, a true and fair view of the state of affairs of the Target Portfolio as at 31 December 2021, 31 December 2022 and 31 December 2023 and of its profits/losses, other comprehensive income, cash flows, and statement of changes in equity for the years then ended in accordance with the basis of preparation set out in note 2 of the Historical Financial Information.

Responsibilities

The Directors of Harbour Energy plc are responsible for preparing the Historical Financial Information on the basis of preparation set out in note 2 of the Historical Financial Information.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of Harbour Energy plc as a result of the inclusion of this report in the Class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 circular.

Basis of Preparation

The Historical Financial Information has been prepared for inclusion in the Class 1 circular relating to the acquisition of the Target Portfolio dated 12 June 2024 of Harbour Energy plc on the basis of the accounting policies set out in note 2 of the Historical Financial Information.

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the "**FRC**"). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the Target Portfolio's circumstances, consistently applied and adequately disclosed.

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We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Conclusions Relating to Going Concern

The Directors of Harbour Energy plc ("the **Directors**") have prepared the Historical Financial Information on the going concern basis as they do not intend to liquidate the Target Portfolio or to cease its operations, and as they have concluded that the Target Portfolio's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Historical Financial Information (**the "going concern period**").

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the Historical Financial Information is appropriate; and
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Target Portfolio's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the above conclusions are not a guarantee that the Target Portfolio will continue in operation.

Yours faithfully

KPMG LLP

SECTION B: HISTORICAL FINANCIAL INFORMATION RELATING TO THE TARGET PORTFOLIO

Combined Statement of other Comprehensive Income for the years ended 31 December

	Note	2023	2022	2021
			$ million	
Revenue	6	6,337	7,984	4,892
Other income	6	43	57	66
Revenue and other income		**6,380**	**8,041**	**4,958**
Cost of operations	7	(3,128)	(2,942)	(2,927)
Net impairment reversal/(impairment) of property, plant and equipment, goodwill and other intangible assets	7	111	(188)	6
Exploration and evaluation expenses	7	(78)	(56)	(46)
Exploration costs written-off	7	(72)	(28)	(193)
Net (losses)/gains on disposal	7	(10)	(128)	25
General and administrative expenses	7	(412)	(367)	(348)
Operating profit		**2,791**	**4,332**	**1,475**
Finance income	9	497	301	292
Finance expenses	9	(713)	(518)	(465)
Profit before taxation		**2,575**	**4,115**	**1,302**
Income tax expense	10	(2,028)	(3,334)	(1,357)
Profit/(loss) for the year		**547**	**781**	**(55)**
Other comprehensive profit/(loss)				
Items that will not be subsequently reclassified to income statement:				
Actuarial gains and losses	21	(24)	67	52
Tax (expense)/credit on actuarial gains and losses	10	10	(22)	(15)
Items that may be subsequently reclassified to income statement:				
Unrealised gains and losses on currency translation		11	(53)	(151)
Fair value gains on cash flow hedges	17	3,493	(748)	(2,735)
Tax (expense)/credit on cash flow hedges	10	(2,560)	617	2,090
Other comprehensive profit/(loss) for the period, net of tax		**930**	**(139)**	**(759)**
Total comprehensive profit/(loss) for the year		**1,477**	**642**	**(814)**

The results relate to continuing operations.

Comprehensive income is attributable to the Target Portfolio, as per note 29.

Combined Balance Sheet as at 31 December

	Note	As at 31 December 2023	2022	2021
			$ million	
Assets				
Non-current assets				
Goodwill	11	2,304	2,287	2,353
Other intangible assets	12	374	285	206
Property, plant and equipment	13	10,491	10,422	12,178
Right-of-use assets	14	131	93	80
Deferred tax assets	10	312	246	256
Other receivables and assets	16	33	3,675	4,624
Derivative financial assets	17	134	7	3
Total non-current assets		**13,779**	**17,015**	**19,700**
Current assets				
Inventories	15	195	239	207
Trade and other receivables	16	2,082	8,125	5,496
Derivative financial assets	17	234	97	16
Cash and cash equivalents	18	244	324	149
Assets held for sale	27	—	—	146
Total current assets		**2,755**	**8,785**	**6,014**
Total assets		**16,534**	**25,800**	**25,714**
Invested capital				
Invested capital	24	792	6,690	6,651
Total invested capital attributable to the Target Portfolio investors		**792**	**6,690**	**6,651**
Liabilities				
Non-current liabilities				
Borrowings	23	4,963	4,766	6,241
Provisions	21, 22	2,238	2,259	3,082
Deferred tax	10	4,641	2,097	2,670
Trade and other payables	20	27	1,325	1,399
Lease creditor	14	107	78	75
Derivative financial liabilities	17	42	1,293	1,072
Total non-current liabilities		**12,018**	**11,818**	**14,539**
Current liabilities				
Trade and other payables	20	1,642	1,582	1,333
Lease creditor	14	29	19	25
Borrowings	23	46	1,000	49
Provisions	22	453	375	471
Current tax liabilities		1,296	1,895	716
Derivative financial liabilities	17	258	2,421	1,924
Liabilities directly associated with asset classified as held for sale	27	—	—	6
Total current liabilities		**3,724**	**7,292**	**4,524**
Total liabilities		**15,742**	**19,110**	**19,063**
Total liabilities and invested capital		**16,534**	**25,800**	**25,714**

Combined Statement of Changes in Equity for years ended 31 December

	Note	Invested capital
Balance at 1 January 2021		**7,490**
Loss for the year		(55)
Other comprehensive loss for the period, net of tax		(759)
Total comprehensive loss		**(814)**
Capital reduction	24	(25)
Balance at 31 December 2021		**6,651**
Profit for the year		781
Other comprehensive loss for the period, net of tax		(139)
Total comprehensive income		**642**
Capital reduction	24	(603)
Balance at 31 December 2022		**6,690**
Profit for the year		547
Other comprehensive profit for the period, net of tax		930
Total comprehensive income		**1,477**
Capital reduction	24	(7,375)
Balance at 31 December 2023		**792**

Combined Statement of Cash Flows for the years ended 31 December

		Year ended 31 December		
		2023	2022	2021
	Note		*$m*	
Net cash inflow from operating activities	26	**1,597**	**3,655**	**3,108**
Investing activities				
Cash pooling with related parties		(80)	(2,608)	(2,693)
Proceeds from financial receivables—related parties		975	104	1,342
Issuance of financial receivables—related parties		—	—	(1,797)
Proceeds from financial liabilities—related parties	23	—	—	846
Issuance of financial liabilities—related parties	23	(17)	—	(716)
Net cashflow with related parties		**878**	**(2,504)**	**(3,018)**
Expenditure on exploration and evaluation assets		(116)	(119)	(125)
Expenditure on property, plant and equipment		(1,382)	(893)	(1,021)
Expenditure on other intangible assets		(21)	(6)	(2)
Expenditure on financial assets		—	(2)	(4)
Proceeds from disposal of financial assets		—	—	6
Proceeds from the disposal of exploration and evaluation assets		—	—	13
Proceeds from the disposal of property, plant and equipment		34	225	90
Interest received		443	152	190
Net cash outflow from investing activities		**(164)**	**(3,147)**	**(3,871)**
Financing activities				
Repayment of bonds	23	(979)	(106)	—
Proceeds from debt to banks	23	—	12	62
Repayment of debt to banks	23	—	(12)	(862)
Lease liability payments	23	(28)	(35)	(69)
Interest paid		(205)	(164)	(87)
Proceeds from subordinated notes	23	—	—	1,758
Net cash inflow / (outflow) from financing activities		**(1,212)**	**(305)**	**802**
Net increase in cash and cash equivalents		**221**	**203**	**39**
Net foreign exchange difference		(301)	(28)	(6)
Cash and cash equivalents at 1 January		324	149	116
Cash and cash equivalents at 31 December	18	**244**	**324**	**149**

1. GENERAL INFORMATION

The principal activities of the Target Portfolio are the exploration, development and production of natural gas and oil and resulting by-products in Northern Europe, Latin America, North Africa and Other.

2. BASIS OF PREPARATION

2.1 The Perimeter

The transaction includes the purchase of shares in a limited liability company ("**Target Company**") which will be created to head the group comprising of the legal entities included in the Target Portfolio. As well as the acquisition of the Target Company, the Target Portfolio also comprises certain licenses, hedge arrangements and other trade agreements held in the Wintershall Dea AG group.

The Combined Carved-Out Historical Financial Information ("**Combined HFI**") of the Target Portfolio comprises the portfolio of assets and liabilities to be acquired, as described in the Business Combination Agreement ("**BCA**") signed by the selling shareholders (BASF SE, BASF Handels—Und Exportgesellschaft Mit Beschrankter Haftung, Letterone Holdings S.A., L1 Energy Capital Management Services S. À R. L.) and the buyer (Harbour Energy plc). These comprise of:

a) Certain legal entities and the assets they hold—all of Wintershall Dea AG's upstream assets in Norway, Germany, Denmark (excluding Ravn field), Argentina, Mexico, Egypt, Libya (excluding Wintershall AG) and Algeria as well as Wintershall Dea AG's CO2 Capture and Storage licences in Europe. These upstream asset concessions and Carbon Capture and Storage ("**CCS**") licences are summarised as follows:

Entity	Country of operations	Country of registration	Asset	Nature	Operating interest
Wintershall Dea Norge AS .	Norway	Norway	Njord	Production	50%
			Snorre	Production	8.57%
			Vega	Production	56.70%
			Aasta Hansteen	Production	24%
			Æfugl Nord	Production	25%
			Bauge	Production	27.50%
			Dvalin	Production	55%
			Edvard Grieg	Production	15%
			Gjøa	Production	28%
			Hyme	Production	27.50%
			Maria	Production	50%
			Nova	Production	39%
			Skarv	Production	28.08%
			Dvalin North	Development	55%
			Maria Phase 2	Development	50%
			Irpa	Development	19%
			Alve Nord	Development	20%
			Idun Nord	Development	40%
			Luna	CCS	60%
			Havstjerne	CCS	60%
83 other Norway licences across production, development and exploration within Wintershall Dea Norge AS					
Wintershall Dea Deutschland GmbH	Germany	Germany	Emlichheim	Production	90%
			Mittelplate	Production	100%
			Völkersen	Production	100%
385 other Germany licences across production, development, exploration and other rights within Wintershall Dea Deutschland GmbH					
Wintershall Dea International GmbH—Branch Denmark . .	Denmark	Denmark	Cecilie	Production	43.60%
			Greensand	CCS	40%
Wintershall Dea Argentina S.A.	Argentina	Argentina	Aguada Pichana Este Residual	Production	27.27%
			Aguada Pichana Este Vaca Muerta	Production	22.50%
			CMA-1	Production	37.50%

Entity	Country of operations	Country of registration	Asset	Nature	Operating interest
			Fénix	Development	37.50%
9 other Argentina licences across production and exploration within Wintershall Dea Argentina S.A.					
Wintershall Dea México, S. de R.L. de C.V.	Mexico	Mexico	Ogarrio	Production	50%
			Block 30	Exploration	40%
			Block 2	Exploration	30%
2 other exploration licences within Wintershall Dea México, S. de R.L. de C.V					
Sierra Nevada E&P, S. DE R.L. DE C.V.	Mexico	Mexico	Block 29	Exploration	25%
Sierra O&G Exploración Y Producción, S. DE R.L. DE C.V.	Mexico	Mexico	Zama	Development	19.83%
Sierra Coronado E&P, S. DE R.L. DE C.V. /Sierra Offshore Exploration/ Sierra Perote E&P/ Sierra Blanca P&D	Mexico	Mexico	Hokchi	Production	37%
Sierra Coronado E&P	Mexico	Mexico	Block 4	Exploration	50%
Sierra Offshore Exploration, S. DE R.L. DE C.V.	Mexico	Mexico	Block 5	Exploration	30%
Wintershall Dea Nile GmbH	Egypt	Germany	Disouq	Production	100%
			East Damanhour	Production	40%
Wintershall Dea WND GmbH	Egypt	Germany	West Nile Delta	Production	17.25%
Wintershall Dea Suez GmbH[1]	Egypt	Germany	Ras Budran Zeit Bay	Production	100%
5 other Egypt licences across production, development and exploration within Wintershall Dea WND GmbH					
Wintershall Petroleum (E&P) B.V	Libya	Netherlands	Contract area 15, 16, 32 (Al-Jurf)	Production	12.50%
DEA North Africa/Middle East GmbH	Libya	Germany	NC193 NC195	Development	100%
DEA Cyrenaica GmbH	Libya	Germany	Area 58	Exploration	100%
Wintershall Dea Algeria GmbH	Algeria	Germany	Reggane Nord	Production	24%
Wintershall Dea Carbon Management Solution BV . .	The Netherlands	United Kingdom	Camelot	CCS	50%
Wintershall Dea Carbon Management Solution BV . .	The Netherlands	United Kingdom	Poseidon	CCS	10%
Wintershall Dea Middle East GmbH*	UAE	UAE	Ghasha	Development	10%

* *Wintershall Dea Middle East GmbH historically includes the Ghasha concession which Wintershall Dea AG owns a 10 per cent. working interest. There is a condition precedent in the BCA that states that the Ghasha concession will be sold from the aforementioned entity in line with the Ghasha SPA by day 1. The Ghasha concession and Wintershall Dea Middle East GmbH have therefore been excluded from the Combined HFI, as Wintershall Dea Middle East GmbH will become a shell following the sale of the Ghasha concession , and all the cash in the entity will be distributed to the selling shareholders. Prior to the publication of the prospectus and circular Ghasha will be sold.*

b) The legal entities holding interests in the following Technology participations:

Entity	Country of operations	Country of registration	Asset	Nature	Operating interest
Wintershall Dea Technology Ventures GmbH	Norway	Norway	Soiltech AS	Technology participation	13.60%
Wintershall Dea Technology Ventures GmbH	Norway	Norway	Earth Science Analytics AS	Technology participation	13.50%
Wintershall Dea Technology Ventures GmbH	Norway	Norway	Wellstarter AS	Technology participation	24.40%
Wintershall Dea Deutschland GmbH	Germany	Germany	Erdgas Münster GmbH	Technology participation	33.70%

[1] Wintershall Dea Suez GmbH relinquished its assets with effective date 1 January 2022, thus only includes assets in FY21.

Entity	Country of operations	Country of registration	Asset	Nature	Operating interest
Wintershall Dea Technology Ventures GmbH	Germany	Germany	AMBARtec AG	Technology participation	24.40%
Wintershall Dea Argentina S.A.	Argentina	Argentina	Gas Link S.A	Technology participation	5%
Wintershall Dea Argentina S.A.	Argentina	Argentina	Gasoducto Cruz del Sur S.A.	Technology participation	10%
Wintershall Dea Technology Ventures GmbH	United Kingdom	United Kingdom	HiiROC Limited	Technology participation	9.60%

In addition to the entities above, there are also a number of entities that are part of the Target Portfolio which do not contain upstream assets, these are shown in note 29 and also interests in joint operations as detailed in note 4.18.

c) Certain hedge arrangements, transactions and balances held at Wintershall Dea AG:

- all outstanding physical commodity hedge transactions relating to the business of the Target Portfolio companies including intercompany arrangements that relate to those commodity hedge transactions. These relate to certain hedge arrangements entered into by Wintershall Dea AG on behalf of entities in the Target Portfolio. The effect of these arrangements is included in the Combined HFI; and
- the hedge agreement entered into between Wintershall Dea AG and Wintershall Dea Norge AS as of 1 January 2020 and all outstanding transactions thereunder. This relates to a hedge arrangement entered into by Wintershall Dea AG on behalf of Wintershall Dea Norge AS, an entity in the Target Portfolio. The effect of this arrangement is included in the Combined HFI.

d) Certain other agreements held by Wintershall Dea AG which relate to the business of the Target Portfolio. These agreements have no effect on the preparation of the Combined HFI.

2.2 **Basis of Combination**

The Combined HFI has been prepared in accordance with the Listing Rules and Prospectus Directive Regulation, and the requirements of UK adopted international accounting standards ("**UK-adopted IFRS**") except as noted below.

- UK adopted IFRS does not explicitly provide guidance for the preparation of the Combined HFI, therefore certain accounting conventions permitted for the preparation of historical financial information for inclusion in investment circulars, as described in the Standards for Investment Reporting Annexure (the "**Annexure**") to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the Financial Reporting Council, have been applied where IFRS does not provide specific accounting treatments.
- The carved-out basis was applied, whereby the Combined HFI has been prepared by extracting and aggregating the historical financial information for the Target Portfolio from the Wintershall Dea AG IFRS-based consolidated group financial statements issued under IFRS. No adjustments have been made to opening balances or estimates and an opening balance sheet has not been presented.
- The Combined HFI is not prepared on a consolidated basis and therefore does not comply with the requirements of IFRS 10 'Consolidated Financial Statements'. However, the Combined HFI information has been prepared on a Combined HFI basis applying the aggregation principles underlying the consolidation procedures of IFRS 10.
- Relevant goodwill and corresponding fair value allocations recognised in the Wintershall Dea AG consolidation, which relate to the Target Portfolio have also been included in the Combined HFI. This is on the basis that the historical PPA from which these amounts arose relates to the underlying assets of the entities within the Target Portfolio.
- The Target Portfolio was not a separate group sitting under a legal entity during the three years ended 31 December 2023 and has no share capital. Therefore, invested capital represents a combination of the funding balances with equity holders, retained earnings and other reserves from entities in the Target Portfolio and debt instruments from allocation of central costs. Capital distributions represent the transfer of profits or dividends outside of the Target Portfolio. See Note 24 for more detail.

- All intercompany transactions have been eliminated between entities of the Target Portfolio. Transactions and balances with the Wintershall Dea AG group companies outside of the Target Portfolio represent third-party transactions for the purposes of the Combined HFI and have been disclosed as related party transactions.
- Whilst the concessions, interests and joint operations are under common control, the Target Portfolio has not previously constituted a single legal group which has prepared consolidated financial results. Accordingly, the Combined HFI has been prepared by management specifically for the purposes of the Prospectus and Circular and reflects the income, expenses, assets and liabilities of the entities and interests in joint operations in the Target Portfolio, and the allocations of direct and indirect costs and expenses related to the operations. Such allocations have been made on a reasonable basis based on all available information and but does not necessarily reflect what the operating results and cash flows would have been had the Target Portfolio been a standalone group for all periods presented.
- The Combined HFI also includes central general and administrative costs allocated firstly using an intercompany transfer pricing methodology and further additional costs to recognise the Target Portfolio's overall share of central general and administrative costs allocated through full time employee, entity count or reserve-based assumptions.
- In 2021 and 2022, Wintershall Dea AG undertook hedging transactions linked to the sale of gas produced by entities in the Target Portfolio. Relevant oil and gas hedging positions to the Target Portfolio have been included within the Combined HFI recognised either in the underlying Target Portfolio entities or through adjustments in 2021 and 2022 to the Combined HFI to recognise Norway (2021 only) and Germany hedging positions recognised at Wintershall Dea AG head office.
- Prior to October 2023, cash generated by the Target Portfolio was swept on a daily basis into a cash pooling arrangement with Wintershall Dea AG, an entity outside of the transaction perimeter. Subsequent to this time, cash was swept daily to Wintershall Dea Global Holding Gmbh ("**WDGH**"). A number of transactions were settled through the cash pooling arrangements, rather than through physical cash flows, including where sales income has been received by Wintershall Dea AG on behalf of entities in the Target Portfolio. Therefore, a number of cashflows present within the Combined Statement of Cashflows are not true cashflows into the Target Portfolio but are notional cash movements representing the cashflows that would have occurred had there not been a cash pooling arrangement with Wintershall Dea AG.
- Related party cashflows reflect long term financing, together with movements on the cash pooling arrangement, which are internal the Wintershall Dea AG group but comprise inflows and outflows reflecting movements between the Target Portfolio and the wider group. Under IAS 7, each of these cashflows would be classified as investing and financing activities, however, on account of these all being part of an integrated cash management and reflecting a net receivable position, have instead been grouped together and classified as investing activities in the Combined Statement of Cashflows to provide a clearer picture of the underlying cashflows. The Target Portfolio has three primary revenue streams, 1/ gas and oil sales; 2/ revenue from strategic purchases and resale of gas and oil; and 3/ trading activities for the purpose of margin improvement. Revenue derived from production by trading entities in the Target Portfolio which was invoiced to third parties by Wintershall Dea AG (less an administrative fee charged by Wintershall Dea AG) is recognized in revenue in the Target Portfolio. Revenue from trading activities for the purpose of margin improvement is only recognised in the Target Portfolio where it has been mandated by the producing entity.

The taxation expense and movements to other comprehensive income included in the Combined HFI has been calculated based at an individual country level and adjusted for any pre-tax Combined HFI adjustments. Following the updates for the pre-tax Combined HFI adjustment, the current and deferred tax balances at each balance sheet date were reviewed to determine whether any areas of judgement and estimate needed to be amended.

For the year ended 31 December 2023 post balance sheet events have been considered to the date of signing this Combined HFI. For years ended 31 December 2021 and 2022, post balance sheet events have only been considered up to the respective dates that the Wintershall Dea AG consolidated group financial statements were signed.

The principal accounting policies applied in the preparation of the Combined HFI are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated and are consistent with the accounting policies used to prepare the latest audited financial statements of Harbour

Energy plc. In respect of oil and gas depreciation, the Target Portfolio calculates this on the units of production methodology using proven reserves, while Harbour Energy uses proven and probable reserves. This is an estimation difference and not an accounting policy difference. See the '*Significant accounting judgements and estimates*' section for the potential impact of this.

The Combined HFI is presented in US Dollar ("**USD**", "**$**") and all values are stated in millions of USD ("**$m**"), except where otherwise indicated, and have been prepared on the historical cost basis, unless otherwise indicated in the accounting policies.

As the Combined HFI Information has been prepared on a combined and carved-out basis, it may not be indicative of the future performance of the Target Portfolio and does not necessarily reflect what its results of operations, financial position and cash flows would have been had the Target Portfolio operated as an independent entity during the periods presented.

The Combined HFI does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

2.3 **Going Concern**

The financial position of the Target Portfolio, its cash flows, liquidity position and borrowing facilities are set out in this Combined HFI.

The Combined HFI has been prepared on a going concern basis which the Target Portfolio believe to be appropriate for the reasons described below. The Target Portfolio meets its day to day working capital requirements through cash from operations.

The Target Portfolio has prepared pre-acquisition cash flow forecasts for a period of at least 12 months from the date of approval of the Combined HFI ("**the going concern assessment period**") in order to assess going concern. These forecasts consider only the activity of those entities included in the Target Portfolio , which continue to utilise the wider financing arrangements that the broader Wintershall Dea AG group is subject to in its normal course of business up until the point when the transaction completes. The financing arrangements include cash and cash equivalents and a committed undrawn revolving credit facility.

The forecasts comprise estimates of key variables, including production, gas and oil prices, continued development of reserves, operating costs, capital expenditure and are subject to a number of risks and uncertainties, in particular gas and oil prices. In all scenarios modelled, including the severe but plausible downside scenario, the Target Portfolio continues to have satisfactory liquidity headroom throughout the going concern period.

As described in note 23, on 22 February 2024, the Wintershall Dea AG subordinated noteholders approved a change in guarantor from Wintershall Dea AG to Harbour Energy plc, which will be effective upon Completion meaning Target Portfolio will continue to have access to this capital post transaction, together with the financing arrangements available to Harbour Energy plc.

Based on this assessment, the Directors of Harbour Energy plc have a reasonable expectation that the Target Portfolio has adequate resources to continue operating for the going concern assessment period and hence the directors consider that the application of the going concern basis for the preparation of the Combined HFI to be appropriate.

3. NEW STANDARDS AND AMENDMENTS—APPLICABLE DURING THE PERIOD

The Target Portfolio has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2021 (unless otherwise stated). Their adoption has not had any material impact on the disclosures or on the amounts reported in the Combined HFI.

- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Making Materiality Judgements"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 16 "Proceeds before Intended Use"
- Amendments to IAS 37 "Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendment to IFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"

3.1 New standards, interpretations and amendments issued but not effective for the Combined HFI Period

At the date of authorisation of the Combined HFI, the Target Portfolio has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet in effect. The effective date for these amendments is for annual periods that begins on or after 1 January 2024 (unless otherwise stated). Their future adoption is not expected to have any material impact on the disclosures or on the amounts reported in the Combined HFI.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability" (effective date for annual periods that begins on or after 1 January 2025)
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"
- Amendments to IFRS 18 "Presentation and Disclosure in Financial Statements" (effective date for annual periods that begins on or after 1 January 2027)
- Amendments to IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (effective date for annual periods that begins on or after 1 January 2027)

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Combined HFI are set out below. These policies have been consistently applied unless otherwise stated.

4.1 Foreign currency translation

Each entity in the Target Portfolio determines its own functional currency, being the currency of the primary economic environment in which the entity operates, and items included in the Combined HFI of each entity are measured using that functional currency. The functional currencies in use by the Target Portfolio and included in the Combined HFI are; Euros, Mexican pesos and US dollars.

The Combined HFI is presented in USD, which is also Harbour Energy plc's reporting currency.

Foreign currency transactions are initially recorded in the entity's functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are measured at historic cost based on exchange rates at the date of the initial transaction and subsequently not retranslated.

On combination, the assets and liabilities of the Target Portfolio's operations are translated into the reporting currency, USD, at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rate for the year. Invested capital is held at translated historic cost and is not retranslated. The resulting exchange differences are recognised as other comprehensive income and are transferred to the Target Portfolio's currency translation reserve.

When an operation with a functional currency other than USD is disposed of, such translation differences relating to it are recognised as income or expense.

4.2 **Segment reporting**

The Target Portfolio's activities consist of one class of business being the acquisition, exploration, development and production of oil and gas reserves and related activities.

The Target Portfolio's business is conducted in four segments:

- Northern Europe
- Latin America
- North Africa
- Other (representing head office and other costs)

The accounting policies for the segments are the same as the Target Portfolio's accounting policies.

4.3 **Goodwill**

In the event of a business combination or acquisition of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, the acquisition method of accounting is applied. Goodwill represents the difference between the aggregate of the fair value of purchase consideration transferred at the acquisition date and the fair value of the identifiable assets, liabilities and contingent liabilities acquired. If however, the fair value of the purchase consideration transferred is lower than the fair value of the identifiable assets and liabilities acquired, the difference is recognised in the income statement as a gain on bargain purchase. Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Target Portfolio's cash-generating units ("**CGUs**"), or groups of CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill is treated as an asset of the relevant entity to which it relates and accordingly non-US dollar goodwill is translated into USD at the closing rate of exchange at each reporting date.

Goodwill, as disclosed in note 11, is not amortised but is reviewed for impairment at least annually by assessing the recoverable amount of the CGUs to which the goodwill relates. Where the carrying amount of each respective CGU and related goodwill is higher than the recoverable amount of the respective CGU, an impairment loss is recognised in the income statement. The recoverable amounts of the CGUs have been determined on a fair value less costs of disposal basis. Impairment losses relating to goodwill cannot be reversed in future periods. Goodwill acquired through business combinations has been allocated to separate CGUs, as per note 11, being Norway, Germany, Argentina, and the Netherlands.

4.4 **Interests in joint arrangements**

A joint arrangement is an arrangement where two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements where the Target portfolio has the rights to assets and obligations for liabilities of the arrangement are classified as joint operations and are accounted for by recognising the Target portfolio's share of assets, liabilities, income and expenses.

Joint arrangements where the Target portfolio has the rights to the net assets of the arrangement are classified as joint ventures and are accounted for using the equity method of accounting.

4.5 **Oil and gas assets**

Intangibles

Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

Licence and property acquisition costs

Licence and property acquisition costs paid in connection with a right to explore in an existing exploration area are capitalised as exploration and evaluation costs within intangible assets. Licence acquisition costs related to the production and development phase are capitalised under property, plant and equipment.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount and should be impaired. Also if no future activity is planned or the related licence has been relinquished or has expired, the carrying value of the property acquisition costs is written off through the income statement. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties within development and production assets, under property, plant and equipment.

Exploration and evaluation costs

Once the legal right to explore has been acquired, costs directly associated with the exploration are capitalised as exploration and evaluation ("**E&E**") intangible non-current assets until the exploration is complete and the results have been evaluated. If no potential commercial resources are discovered, the exploration asset is written off.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least annually. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the income statement.

When proved reserves of oil or natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and, if required, any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties within development and production assets, under property, plant and equipment. No amortisation is charged during the exploration and evaluation phase.

Property, plant and equipment—oil and gas assets

Oil and gas development and production assets are accumulated generally on a field-by-field basis. This represents expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets, as outlined in the intangible asset policy above, which is capitalised as oil and gas properties within development and production assets.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

An item of development and production expenditure and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Expenditure on major maintenance includes refits, inspections or repairs comprising the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Target Portfolio, the expenditure is capitalised. All other day-to-day repairs and maintenance costs are expensed as incurred.

Depreciation and amortisation of oil and gas assets

All costs relating to a development are accumulated and not depreciated until the commencement of production. Gas and oil assets are generally depreciated using the unit-of-production method. In principle, depreciation of capitalised wells is based on the current production for the period in relation to proven developed producing reserves.

When there is a change in the estimated total proven developed producing reserves of a field, that change is accounted for in the depreciation charge over the revised remaining proven developed producing reserves.

For the following assets which is depreciated on a straight-line basis, the useful lives are as follows:

- Technical plant and machinery: one to 33 years.

Acquisitions, and disposals

Acquisitions of oil and gas properties are accounted for using the acquisition method when the assets acquired, and liabilities assumed constitute a business.

Proceeds on disposal are applied to the carrying amount of the specific intangible asset or oil and gas property disposed of and any surplus is recorded as a gain on disposal in the income statement.

Decommissioning

A provision for decommissioning is recognised in full when the related facilities are installed. The amount recognised is the present value of the estimated future expenditure. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related oil and gas property. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure is adjusted in the decommissioning provision and the oil and gas property. The unwinding of the discount is included as a finance cost.

4.6 **Non-oil and gas assets**

Property, plant and equipment—fixtures and fittings and office equipment, buildings and land

Non-oil and gas assets are comprised of land and buildings, fixtures, fittings and office equipment. Depreciation is provided for on a straight-line basis at rates sufficient to write off the cost of the assets less any residual value over their estimated useful economic lives. The depreciation periods for the principal categories of assets are as follows:

- Buildings: four to 50 years.

- Fixtures, fittings and office equipment: one to 23 years.

Intangible assets

Intangible assets, which principally comprise IT software/licences, are carried at cost less any accumulated amortisation. These assets are amortised on a straight-line basis over their useful economic lives of between two and three years.

4.7 **Impairment of non-current assets (excluding goodwill)**

Impairment and reversal indicators

In accordance with IAS 36 Impairment of Assets, property, plant and equipment and intangible assets with finite useful lives are only tested for impairment when there is an indication that they may be impaired. This is generally the result of significant changes to the environment in which the assets are operated or when asset performance is significantly lower than expected.

The main impairment indicators used by the Target Portfolio are described below:

- External sources of information:
    - Significant changes in the economic, technological, political or market environment in which the entity operates or to which an asset is dedicated;
    - Fall in demand; and
    - Changes in commodity prices, inflation rates and exchange rates.
- Internal sources of information:
    - Evidence of obsolescence or physical damage;
    - Significantly lower than expected production or cost performance;
    - Reduction in reserves and resources, including as a result of unsuccessful results of drilling operations;

- Pending expiry of licence or other rights;
- In respect of capitalised exploration and evaluation costs, lack of planned future activity on the prospect or licence; and
- For reversals, plausible downside sensitivity scenarios are run to test the robustness of the asset carrying values typically against changes in production and commodity prices.

Measurement of recoverable amount

The CGU applied for impairment test purposes is generally the field, except that a number of field interests may be grouped as a single CGU where the cash inflows of each field are interdependent. The carrying value of each CGU is compared against the expected recoverable amount of the asset, which is primarily determined based on the fair value less cost of disposal method, where the fair value is determined from the estimated present value of the future net cash flows expected to be derived from production of commercial reserves. Standard valuation techniques are used based on the discount rates that reflect the specific characteristics of the operating entities concerned; discount rates are determined on a post-tax basis and applied to post-tax cash flows.

Any impairment loss (or reversal) is recorded in the income statement under Impairment of property, plant and equipment or intangible assets. Impairment losses recorded may be subsequently reversed if the recoverable amount of the assets subsequently increases above carrying value. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortisation) had no impairment loss been recognised in prior periods.

4.8 **Financial instruments**

Financial instruments are recognised and measured in accordance with IFRS 9 Financial Instruments.

Financial assets

The Target Portfolio uses two criteria to determine the classification of financial assets: the Target Portfolio's business model and contractual cash flow characteristics of the financial assets. Where appropriate the Target Portfolio identifies three categories of financial assets: amortised cost, fair value through profit or loss ("**FVTPL**"), and fair value through other comprehensive income ("**FVOCI**").

Financial assets held at amortised cost

Financial assets held at amortised cost are initially measured at fair value except for trade debtors without a significant financing component, which are initially measured at cost. Both are subsequently carried at amortised cost using the effective interest rate ("**EIR**") method, less impairment. The EIR amortisation is presented within finance income in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

The Target Portfolio recognises an allowance for expected credit losses ("**ECL**") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Portfolio expects to receive, discounted at the effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

Default events could include:

- Payment default, i.e. the failure to pay principal or interest when it falls due for payment;
- Prospective default, when payment is not yet due, but it is clear that it will not be capable of being paid when it does fall due; and

- Covenant default, when the borrower fails to keep a promise (a covenant) that it has made in the contract.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Target Portfolio applies a simplified approach in calculating ECLs as allowed under IFRS 9. Provision rates are calculated based on estimates including the probability of default by assessing counterparty credit ratings, as adjusted for forward-looking factors specific to the debtors, the economic environment and the Target Portfolio's historical credit loss experience.

Credit impaired financial assets

At each reporting date, the Target Portfolio assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of a loan or advance by the Target Portfolio on terms that the Target Portfolio would otherwise not consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- The disappearance of an active market for a security because of financial difficulties.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised at either amortised cost, FVTPL, or FVOCI.

Borrowings and loans

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the EIR method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Derivative financial instruments

The Target Portfolio uses foreign currency derivatives including cross-currency-swaps, oil swaps, zero cost collars and certain fixed-price gas sales agreements to hedge its foreign currency risks and commodity price risks, respectively. Derivative financial instruments are initially recognised at fair value and subsequently remeasured to fair value at each reporting date. Certain derivative financial instruments are designated as cash flow hedges in line with the Target Portfolio's risk management policies. When derivatives do not qualify for hedge accounting or are not designated as hedging instruments, changes in the fair value of the derivative are recognised within the income statement.

Cash flow hedges

The effective portion of gains and losses arising from the remeasurement of derivative financial instruments designated as cash flow hedges are deferred within other comprehensive income, subsequently transferred to the income statement in the period the hedged transaction is recognised in the income statement and accumulated in invested capital in the statement of changes in equity. When a hedging instrument is sold or expires, any cumulative gain or loss previously recognised in other comprehensive income remains deferred until the hedged item affects profit or loss or is no longer expected to occur. Any gain or loss relating to the ineffective portion of a cash flow hedge is immediately recognised in the income statement. Hedge ineffectiveness arises e.g., as a result of the difference between Dated Brent oil swaps and production being sold at contracted price formulas (linked to Brent, but slightly adjusted), or where the creditworthiness of the counterparty is significant and may dominate the transaction and lead to losses. In the case of fixed-price gas sales agreements, to which the hedge accounting regulations are applicable, the critical terms match method is applied to assess hedge effectiveness.

Fair values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques such as option pricing models and estimated discounted values of cash flows.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

4.9 **Inventory**

All inventories, except for petroleum products, are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined at weighted average costs. Petroleum products, as well as underlift and overlift positions are measured at net realisable value using an observable year-end oil or gas market price. Petroleum products are included in inventory, with underlift and overlift in trade and other receivables or payables, respectively.

4.10 **Leases**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Target Portfolio. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis reflecting the net present value of the fixed lease payments and amounts expected to be payable by the Target Portfolio assuming leases run to full term. The Target Portfolio has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Target Portfolio is reasonably certain to exercise such options impacts the lease term, which impacts the amount of lease liabilities and right-of-use assets recognised.

The lease payments are discounted using the Target Portfolio's incremental borrowing rates, being the rate that the Target Portfolio would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Target Portfolio where possible:

- Uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- Makes adjustments specific to the lease, for example term, country, currency and security.

When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's estimated useful life and the lease term on a straight-line basis. Right-of-use assets that are allocated to the asset category 'gas and oil assets', are depreciated either on a straight-line basis or according to the unit-of-production method.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

4.11 **Provisions for liabilities**

A provision is recognised when the Target Portfolio has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the income statement.

The estimated cost of dismantling and restoring the production and related facilities at the end of the economic life of each field is recognised in full when the related facilities are installed. The amount provided is the present value of the estimated future restoration cost. Any changes to estimated costs or discount rates are dealt with prospectively.

4.12 **Retirement benefit plan**

The Target Portfolio operates defined contribution retirement benefit plans for all qualifying employees which requires contributions to be made to a separately administered fund. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Target Portfolio's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

The Target Portfolio sponsors defined benefit plans for qualifying employees. The defined benefit plans are administered by a separate fund that is legally separated from the Target Portfolio. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plans. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

The Target Portfolio still participates in a legally independent multiemployer plan provided by BASF Pensionskasse VVaG, which is financed by employer and employee contributions as well as the return on plan assets. Since sufficient information is not available for this multi-employer plan, the Target Portfolio accounts for the plan as if it was a defined contribution plan.

In the case of contribution-based defined benefit pension plans, the Target Portfolio makes contribution payments to special-purpose funds as well as to life insurances. These contribution payments are recorded as expenses. Furthermore, for some of the Target Portfolio's contribution-based defined benefit pension plans, benefit obligations are recognised at the fair value of these funds, so far as the assets exceed the guaranteed minimum benefit amount.

If the assets do not exceed the guaranteed minimum benefit amount, benefit obligations for these contribution-based benefit plans are recognised in the amount of the guaranteed minimum benefit amount.

4.13 **Trade payables**

Initial recognition of trade payables is at fair value. Subsequently they are stated at amortised cost.

4.14 **Taxes**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Portfolio's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

IFRIC 23 clarifies the application of the recognition and measurement regulations of IAS 12 if there are uncertainties with regard to the income tax treatment. For recognition and measurement, estimates and assumptions have to be made, such as whether the assessment should be made separately or together with other uncertainties, whether to use a probable or expected value for the uncertainty and whether changes have occurred in comparison to the previous reporting period. The risk of detection is not relevant for the accounting treatment of uncertain balance sheet items. The accounting is based upon the assumption that the tax authorities consider the issue in question and that they have all relevant information.

Deferred tax

Deferred taxation is recognised in respect of all timing differences arising between the tax bases of the assets and liabilities and their carrying amounts in the Combined HFI.

Deferred income tax assets are recognised only to the extent that it is probable that the taxable profit will be available against which the deductible temporary difference, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date. The carrying amount of the deferred income tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The Target Portfolio reassesses any unrecognised deferred tax assets each year taking into account changes in oil and gas prices, the Target Portfolio's proven developed producing reserves and resources profile and forecast capital and operating expenditures.

Deferred income tax assets and liabilities are offset if the deferred income tax relates to the same tax authority.

Changes in deferred taxes in the balance sheet are recognised as deferred tax expense/income if the underlying transaction is also recognised in profit or loss. For those effects that have been recognised in equity or other comprehensive income ("**OCI**"), changes to deferred tax assets and tax liabilities are also recognised directly in equity or OCI.

4.15 **Revenue from contracts with customers**

Revenue from contracts with customers is recognised when the Target Portfolio satisfies a performance obligation by transferring a good or service to a customer. Revenue associated with the sale of crude oil and natural gas is measured based on the consideration specified in contracts with customers with reference to quoted market prices in active markets, adjusted according to specific terms and conditions as applicable according to the sales contracts.

Revenues and expenses from gas and oil concessions are often allocated based on defined formulas set out in exploration and production sharing agreements between the state and one or more development and production companies. The proceeds to be received under these contracts are reported as revenue. Revenues of the Target Portfolio originate primarily from gas and oil sales. Gas and oil revenues are recognised at the time of delivery to the contractual delivery point. This is generally the case when the oil passes the vessel's rail or, in the case of gas and oil supply via pipeline, when passing agreed delivery points. The Target Portfolio applies the simplification rule set out in IFRS 15. It therefore does not adjust the agreed amount of consideration to reflect the effects of a material financing component if, at the contract start date, the period between the transfer to the customer of the promised goods or services and the date the customer is expected to pay for those goods or services is expected to be one year or less.

Over/underlift

Differences between the production sold and the Target Portfolio's share of production result in an overlift or an underlift. Overlift and underlift are valued at net realisable value using an observable oil or gas market price as at each reporting date, and included within payables or receivables, respectively. Movements during the accounting period are recognised within cost of operations.

4.16 **Interest income**

Interest income is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate applicable.

4.17 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Target Portfolio during the period. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

4.18 **Joint operations**

A large part of the activities in the exploration and production business area is carried out in the context of joint operations, some of which are managed through separate companies.

There are also joint operations in the context of CCS activities. In 2023, the jointly controlled license holding companies Luna Carbon Storage ANS and Havstjerne ANS were newly established legal entities due to local legislation requirements and accounted for as joint operations based on the outcome of the review of contractual arrangements and other facts and circumstances in accordance with IFRS 11.

The following joint operations are structured as separate entities:

Name	Nature of the joint operation	Principal place of business	Ownership interest/voting rights (%)
Disouq Petroleum Company (DISOUCO)	Operating company for the development and production phases	Cairo, Egypt	50
Groupement Reggane	Operating company for the development and production phases	Algiers, Algeria	24
Luna Carbon Storage ANS	License holding company for CCS storage activities	Stavanger, Norway	60
Havstjerne ANS	License holding company for CCS storage activities	Stavanger, Norway	60

Joint operations that are not managed through separate companies are mainly located in Germany, Norway, Mexico and Argentina.

The Target Portfolio's shares in joint operations are accounted for by recognising its respective share in assets and liabilities as well as its income and expenses.

4.19 **Estimates made in assessing the impact of climate change and the energy transition**

The Target Portfolio monitors global climate change and energy transition developments and plans accordingly. Management recognises there is a general high level of uncertainty about the speed and scale of impacts which, together with limited historical information, provides significant challenges in the preparation of forecasts and plans with a range of possible future scenarios.

As a result, climate change and the energy transition have the potential to impact the accounting estimates adopted by management and therefore the valuation of assets and liabilities reported on the balance sheet. On an ongoing basis management continues to assess the potential impacts on the significant judgements and estimates used in the Combined HFI. Estimates adopted in the preparation of the Combined HFI reflect management's best estimate of future market conditions where, in particular, commodity prices can be volatile. There are no significant judgements and/or critical estimation uncertainty related to climate change factors.

This note provides insight into how the Target Portfolio has considered the impact on valuations of key line items in the Combined HFI:

Gas and oil reserves

Reduction in the demand for oil and gas and increasing regulation due to the energy transition reduces the value of the reserves and increases the future development expenditures necessary to bring those reserves into production. This has the potential to impact the calculation of the useful economic life of oil and gas property plant and equipment and create uncertainty in the estimation of the useful economic life and therefore the depreciation charge to be suffered.

Intangible assets—exploration and evaluation assets

The energy transition has the potential to affect the future development or viability of exploration and evaluation prospects. There is a judgement in relation to whether commercial determination of an exploration prospect has been reached. Climate change and energy transition could potentially impact the calculation of when an exploration is deemed to be commercial as they create uncertainty around the inputs into the judgement.

Impairment of property, plant and equipment, and goodwill

The in-house assumptions on the long-term development of gas and oil prices are based on empirically sound analyses of global gas and oil supply and demand, taking into account possible impacts of climate policies, the energy transition and energy efficiency gains. External sources such as consultant data, consensus views, forwards data, as well as peer estimates, are frequently assessed. Local price assumptions are derived depending on global market dynamic as well as the regulations and contractual terms in place.

Discount rates are based on the weighted average cost of capital, taking into consideration specific country risks.

The energy transition has the potential to impact future commodity and carbon prices which would, in turn, affect the recoverable amount of property, plant and equipment and goodwill. Oil and gas price forecasts are based on the Target Portfolio's current oil and gas price scenario taking into account management's estimates and available market data.

Decommissioning cost and provisions

The energy transition may accelerate the decommissioning of assets which would result in an increase in the carrying value of associated decommissioning provisions. The Target Portfolio currently expects to incur decommissioning costs over the next 30 years, the majority of which are anticipated to be incurred between the next 10 to 20 years. Decommissioning cost estimates are based on country specific factors in the regulatory and external environment.

These cost estimates and recoverability of associated deferred tax may change in the future, including as a result of the energy transition.

4.20 Significant accounting judgements and estimates

The preparation of the Combined HFI in conformity with UK-adopted IFRS requires management to make judgements, estimates and assumptions at the date of the Combined HFI. Combined HFI estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods. In particular, the Target Portfolio has identified the following areas where significant judgement, estimates and assumptions are required.

Critical accounting judgements

- *Functional currency of Norway component*; Judgement is required in determining the functional currency on inception of an entity and whether there has been a change to that functional currency. In respect to the Norway component management have considered the currency of both cash inflows and outflows that the component is subject to, as well as the currency in which its funding is received. This component receives the majority of its cash inflows in US$, however, it does also receive some inflows in both Euro and Norwegian Krone; similarly with its outflows these include both USD and Norwegian Krona denominated amounts. Management also note that the majority of funding, which is received from entities outside the perimeter, is received in USD. Taking all these factors into account and recognising that it is a judgement, management determined that USD was its functional currency reflecting the primary economic environment in which it operates. In addition, management considered whether these indicators had moved during the HFI period and determined that no change had been noted, on this basis USD has been applied as the functional currency throughout.

Key sources of estimation uncertainty

- *Gas and oil reserves*; natural gas and oil reserves are used to determine the recoverable amount within the scope of an impairment test, as well as for production-related depreciation and amortisation using the unit-of-production method, and the year of abandonment assumption used to determine decommissioning provision. Reserves are estimated by Wintershall Dea AG's own qualified engineers and geoscientists based on standardised valuation methods and are classified in line with international industry standards. This process is subject to specific guidelines. Furthermore, the estimates are audited by independent consultants on a regular basis.
- *Impairment of property, plant and equipment*; assumptions used in impairment testing for property, plant and equipment relate to estimated reserves, price assumptions for natural gas and crude oil, consumer price indices and exchange rates, CO2 prices, production forecasts and discount rates as well as production costs. Inputs and sensitivities are shown in note 11.
- *Decommissioning cost and provisions*; decommissioning provisions require estimates and assumptions, with regards to terms, costs to be considered and discount rates. Future actual cashflows may differ due to changes in relation to these items. Please refer to note 22 provisions.
- *Oil and Gas Depreciation;* depreciation is generally calculated on the units of production methodology using proven reserves. If the approach was changed to use proven and probable reserves the value of total assets would increase by $1.1bn (FY22 $764m, FY21 $523m) and have an impact of $329m, (FY22 $241m, FY21 $529m) on the Income Statement increasing profit.

5. SEGMENT INFORMATION

The Target Portfolio's business is conducted in four segments:

- Northern Europe
- Latin America
- North Africa
- Other

Income statement

	Year ended 31 December		
	2023	2022	2021
		$m	
Revenue			
Northern Europe	5,233	6,843	3,774
North Africa	521	531	558
Latin America	583	610	549
Other	—	—	11
Total Target Portfolio sales revenue	**6,337**	**7,984**	**4,892**
Other income			
Northern Europe	1	6	4
North Africa	—	—	—
Latin America	34	44	55
Other	8	7	7
Total Target Portfolio revenue and other income	**6,380**	**8,041**	**4,958**
Operating profit			
Northern Europe	2,443	4,230	1,591
North Africa	88	410	96
Latin America	290	(165)	(94)
Other	(30)	(143)	(118)
Target Portfolio operating profit	**2,791**	**4,332**	**1,475**
Finance income	497	301	292
Finance expenses	(713)	(518)	(465)
Profit before income tax	**2,575**	**4,115**	**1,302**

Other information

	Year ended 31 December		
	2023	2022	2021
		$m	
Depreciation and amortisation			
Northern Europe	(1,045)	(1,099)	(1,310)
North Africa	(209)	(168)	(156)
Latin America	(142)	(194)	(199)
Other	(4)	(3)	(5)
Total depreciation and amortisation	**(1,400)**	**(1,464)**	**(1,670)**
Exploration and evaluation expenses (including costs written off)			
Northern Europe	(49)	(41)	(113)
North Africa	(11)	(5)	(48)
Latin America	(95)	(38)	(78)
Other	5	—	—
Total exploration and evaluation expenses (including costs written off)	**(150)**	**(84)**	**(239)**

Balance sheet

	Year ended 31 December		
	2023	2022	2021
		$m	
Segment non-current assets			
Northern Europe	10,429	10,709	11,935
North Africa	476	630	677
Latin America	2,380	1,752	2,193
Other	49	3,671	4,637
Deferred tax	312	246	256
Derivative assets	133	7	2
Total non-current assets	**13,779**	**17,015**	**19,700**
Segment current assets			
Northern Europe	969	5,126	3,064
North Africa	391	434	353
Latin America	584	490	507
Other	811	2,735	2,090
Total current assets	**2,755**	**8,785**	**6,014**
Total assets	**16,534**	**25,800**	**25,714**
Segment liabilities			
Northern Europe	(8,961)	(10,926)	(10,162)
North Africa	(248)	(208)	(242)
Latin America	(820)	(625)	(973)
Other	(5,713)	(7,351)	(7,686)
Total liabilities	**(15,742)**	**(19,110)**	**(19,063)**

The reduction in total assets in 2023 headquarter and other relates to the debt pushdown. Refer to Note 24 for details.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

	Year ended 31 December		
	2023	2022	2021
		$m	
Type of goods:			
Crude oil sales	2,223	2,574	2,146
Gas sales	3,664	4,797	2,338
Condensate sales	448	544	400
Total revenue from contracts with customers	**6,335**	**7,915**	**4,884**
Tariff income	2	69	8
Total revenue	**6,337**	**7,984**	**4,892**
Other income	43	57	66
Total revenue and other income	**6,380**	**8,041**	**4,958**

Tariff income mainly comprises revenues from the marketing of unused pipeline capacity in Norway.

Other income principally comprises of government subsidies in Argentina.

	Year ended 31 December		
	2023	2022	2021
		$m	
Revenue by region:			
Norway	4,155	5,990	3,059
Germany	1,059	833	700
Argentina	476	505	476
Mexico	107	105	74
North Africa	521	531	558
Other regions	19	20	25
Total revenue	**6,337**	**7,984**	**4,892**

The Target Portfolio sells all oil and gas to Wintershall Dea AG, a related party, and subsequently onwards to a third party. No individual third party represents more than 10 per cent. of the total of the Target Portfolio's revenue.

7. OPERATING PROFIT

	Year ended 31 December		
	2023	2022	2021
		$m	
Cost of operations:			
Production, insurance and transportation costs	(1,134)	(1,007)	(1,049)
Gas purchases	(465)	(194)	(84)
Royalties	(170)	(233)	(145)
Depreciation of oil and gas assets	(1,378)	(1,444)	(1,647)
Other cost of operations	(78)	(84)	(65)
Movement in over/underlift balances and hydrocarbon inventories	97	20	63
Total cost of operations	**(3,128)**	**(2,942)**	**(2,927)**
Net impairment reversal/(expense) of property, plant and equipment, goodwill and intangible assets	111	(188)	6
Exploration and evaluation expenditure	(78)	(56)	(46)
Exploration costs written-off	(72)	(28)	(193)
Net (loss)/gain on disposal	(10)	(128)	25
General and administrative expenses:			
Depreciation of non-oil and gas assets	(20)	(18)	(21)
Amortisation of non-oil and gas intangible assets	(2)	(2)	(2)
Allocation of Wintershall Dea AG head-office costs, in line with SIR2000	(11)	(132)	(131)
Other administrative costs	(379)	(215)	(194)
Total general and administrative expenses	**(412)**	**(367)**	**(348)**

The Target Portfolio recognised a net impairment reversal of $111 million for the year ended 31 December 2023, compared to a net impairment expense of $188 million for the year ended 31 December 2022. This net impairment reversal consisted of the reversal of impairments totalling $209 million for assets in Mexico due to higher oil prices and in Algeria (increase in interest in the asset) offset by impairments on assets in the amount of $98 million, relating to assets in Egypt and Mexico, based on operational updates.

The net impairments for the year ended 31 December 2022 mainly consisted of impairments for assets amounting to $322 million and relating to assets in Norway due to disposal of Brage, in Mexico due to changed technical concepts and in Egypt due to operational updates as well as reversal of impairments on assets, totalling to $134 million, in Egypt, Algeria and Germany due to improved economics of the projects.

The net reversal of impairments for the year ended 31 December 2021 consisted of impairments on assets amounting to $402 million and relating to assets in Mexico, Egypt and Germany due to operational updates and in Argentina due to inorganic measures, as well as reversal of impairments amounting to $409 million and relating to assets in Norway and Mexico due to increased service potential after significant increase of commodity prices.

The exploration costs written off in the year ended 31 December 2023 consisted of expenditure previously capitalised in respect of two wells in Mexico, one well in Norway and one in Egypt, all of which were dry. The costs written off in the year ended 31 December 2022 included expenditure capitalised of five dry wells in Norway and one well in Mexico. The exploration costs written off in the year ended 31 December 2021 consisted of three dry wells in Norway, losses from relinquishment of a licence in Norway, one well in Mexico and one well in Egypt, both of which were dry. In addition, this position includes impairment losses on exploration assets in Egypt, Mexico and Norway.

During 2023 administrative expenses increased due to one-off restructuring and related transformation costs plus systems integration costs related to deployments in certain HFI entities.

8. STAFF COSTS

	Year ended 31 December		
	2023	2022	2021
		$m	
Wages and salaries and other staff costs	212	223	224
Social security costs	28	26	27
Pension costs	14	17	22
Total staff costs	**254**	**266**	**273**

The staff costs have been appropriately allocated to the relevant cost function and included within the Combined Statement of Other Comprehensive Income as part of operating profit.

Please refer to note 21 for the pension provision reconciliation.

9. FINANCE INCOME AND FINANCE EXPENSES

	Year ended 31 December		
	2023	2022	2021
		$m	
Finance income:			
Bank interest	148	28	8
Interest income from related parties	298	163	206
Foreign currency exchange gains	—	103	68
Investment income from related parties	2	3	10
Other interest and finance gains	49	4	—
Total finance income	**497**	**301**	**292**
Finance expenses:			
Interest payable on bond and subordinated notes	(108)	(106)	(113)
Interest payable on debt to banks	—	—	(3)
Other interest and finance expenses	(90)	(51)	(38)
Lease interest	(4)	(3)	(3)
Losses from financial derivatives, net	(48)	(348)	(304)
Foreign currency exchange losses	(387)	—	—
Unwinding of discount on decommissioning and other provisions	(79)	(32)	(25)
	(716)	**(540)**	**(486)**
Finance costs capitalised during the year	3	22	21
Total finance expense	**(713)**	**(518)**	**(465)**

Interest income from related parties comprise interest from the loans as well as from the cash pooling arrangement with Wintershall Dea AG.

Investment income from related parties comprise of dividend payments and profit transfers from investments in other financial assets as well as income on the disposals of investments.

10. INCOME TAX

	Year ended 31 December		
	2023	2022	2021
		$m	
Current income tax (expense)/credit:			
German corporation tax	(92)	(67)	(32)
Overseas tax	(1,993)	(3,319)	(824)
Adjustments in respect of prior years	28	14	(49)
Total current income tax expense	**(2,057)**	**(3,372)**	**(905)**
Deferred tax (expense)/credit			
German corporation tax	28	36	(35)
Overseas tax	1	2	(417)
Adjustments in respect of prior years	—	—	—
Total deferred tax (expense)/credit	**29**	**38**	**(452)**
Total tax expense reported in the income statement	**(2,028)**	**(3,334)**	**(1,357)**
The tax (expense)/credit in the statement of comprehensive income is as follows:			
Tax (expense)/credit in other comprehensive income	**(2,550)**	**595**	**2,075**

In Germany, a uniform corporate income tax rate of 15 per cent. and a solidarity surcharge of 5.5 per cent. across all three HFI periods are levied on all distributed and retained earnings. In addition to corporate income tax, income generated in Germany is subject to a trade tax that varies depending on the municipality in which the company is represented. The weighted average corporate income and trade tax rate for 2023 was 30 per cent. (2022: 30 per cent., 2021: 30 per cent.). The income of foreign Target Portfolio companies is assessed using the tax rates applicable in their respective countries, in particular for Norway at 78 per cent. (2022: 78 per cent., 2021: 78 per cent.). In 2022, Germany enacted the EU regulation of a temporary mandatory solidarity contribution of 33 per cent. for excess profits generated from activities in the oil, gas, coal and refinery sectors. The Target Portfolio expensed an additional $12m EU solidarity contribution for its oil and gas excess profits generated in its German operations in 2022.

For group tax purposes, Wintershall Dea AG (entity outside of the perimeter) is located in Germany, which has enacted new legislation prescribing a global minimum top-up tax in 2024. The Target Portfolio does not expect to be affected by the global minimum top-up tax. The Target Portfolio's operations are generally located in countries with statutory tax rates of considerably more than 15 per cent., and so the Target Portfolio expects immaterial future impacts resulting from the global minimum top-up tax on its operations. If the global minimum top-up tax had been applied in 2023, the simplified calculated global minimum top-up tax for Target Portfolio's activities in the segments North Africa and Northern Europe would have an immaterial impact on the effective tax rate of Target Portfolio's operations.

Reconciliation to the effective tax expense and the tax rate

	Year ended 31 December		
	2023	2022	2021
		$m	
Income – before taxes	2,575	4,115	1,302
Expected income taxes based on German weighted average corporate and trade income tax rate (30%)	(773)	(1,235)	(390)
Effect of overseas tax rate differences	(1,220)	(2,110)	(796)
Adjustments in respect of prior years	28	14	(49)
Tax effects on:			
Changes in tax loss carryforwards	—	(31)	(45)
Intangible and fixed asset impairments and reversal of impairments	(17)	39	—
Goodwill impairments and disposal losses	—	(10)	(8)
Future dividends from subsidiaries and associates	6	(8)	(9)
Miscellaneous	(52)	7	(60)
Effective income tax (expense)/credit	**(2,028)**	**(3,334)**	**(1,357)**
Effective income tax rate %	**79%**	**81%**	**104%**

Income tax assets and liabilities

Income tax assets and liabilities consist primarily of income taxes for the respective current year and prior-year periods.

Deferred tax

	Year ended 31 December		
	2023	2022	2021
		$m	
Deferred tax assets	312	246	256
Deferred tax liabilities	(4,641)	(2,097)	(2,670)
Total deferred tax	**(4,329)**	**(1,851)**	**(2,414)**

The following are the major deferred tax liabilities and assets recognised by the Target Portfolio group and movements thereon during the current and prior reporting periods:

Deferred Tax Asset/(Liability) in $m	Intangible assets, property, plant and equipment	Inventories, receivables and financial assets	Pension provisions	Cash flow hedges and other financial instruments	Tax loss carry-forwards	Total
As at 1 January 2021	(5,839)	(42)	84	1,756	107	(3,934)
Deferred tax income/(expense)	(193)	(99)	(5)	(187)	32	(452)
Comprehensive income	—	21	(15)	2,069	—	2,075
Foreign exchange	(21)	3	(2)	(74)	(9)	(103)
As at 31 December 2021	**(6,053)**	**(117)**	**62**	**3,564**	**130**	**(2,414)**
Deferred tax income/(expense)	370	79	(10)	(450)	49	38
Comprehensive income	—	(2)	(22)	619	—	595
Foreign exchange	78	6	(3)	(143)	(8)	(70)
As at 31 December 2022	**(5,605)**	**(34)**	**27**	**3,590**	**171**	**(1,851)**
Deferred tax income/(expense)	(95)	15	(3)	(42)	154	29
Comprehensive income	—	(8)	10	(2,552)	—	(2,550)
Foreign exchange	(36)	(2)	—	71	10	43
As at 31 December 2023	**(5,736)**	**(29)**	**34**	**1,067**	**335**	**(4,329)**

Deferred tax assets result from domestic and foreign activities. Deferred tax assets comprise capitalised tax credit claims resulting from the expected utilisation of loss carry forwards in subsequent years, and unrealised gains/losses on cash flow hedges. Deferred tax assets are recognised on the basis that it is probable that taxable profits will be available against which the deferred tax asset can be utilised. In the reporting period, there were tax loss carry forwards of $1,023m (2022: $569m; 2021: $435m) in Mexico, $0m (2022: $3m; 2021: $0m) in the Netherlands, $87m (2022: $0m; 2021: $0m) in Argentina, for which deferred taxes of $335m (2022: $171m; 2021: $130m) were recognised.

The amount of tax loss carry forwards not covered by deferred tax assets totals $924m (2022: $863m and 2021: $753m). A total amount of $586m (2022: $526m and 2021: $453m) will not expire. An amount of $41m (2022: $41m, 2021: $36m) will expire in 2–3 years, $125m (2022: $81m, 2021: $32m) will expire in 3–5 years and $172m (2022: $215m, 2021: $232m) after 5 years.

No deferred tax liabilities were recognised for temporary differences associated with investments in subsidiaries and branches in the amount of approximately $362m (2022: $300m; 2021: $334m) because the Target Portfolio will remain in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

The Target Portfolio has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, so that the group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

11. GOODWILL

Goodwill represents the difference between the aggregate of the fair value of purchase consideration transferred at the acquisition date and the net fair value of the identifiable assets acquired and liabilities assumed.

	Year ended 31 December		
	2023	2022	2021
		$m	
Cost and net book value			
At 1 January	2,287	2,353	2,400
Disposals	—	(22)	(11)
Impairment charge	—	(12)	(17)
Currency translation adjustment	17	(32)	(19)
At 31 December	**2,304**	**2,287**	**2,353**

Goodwill is allocated as follows to the group of CGUs:

	Year ended 31 December		
	2023	2022	2021
		$m	
Norway	1,827	1,824	1,865
Germany	335	322	345
Argentina	130	130	131
The Netherlands	12	11	12
	2,304	**2,287**	**2,353**

Goodwill is subject to an annual impairment test, which was carried out as at year-end, at the level of groups of CGUs. An impairment is recognised when the carrying amount of the CGU exceeds the recoverable amount. The recoverable amount corresponds to the fair value less cost of disposal (level 3 in fair value hierarchy). For goodwill, producing licences and licences in the development phase, the recoverable amount is estimated based on discounted future cash flows after tax.

Macroeconomic parameters (applicable to all asset impairment tests)

Oil and gas prices

Oil and gas price forecasts are based on the current oil and gas price scenario taking into account management's estimates and available market data. The oil and gas price scenario includes a Brent price of $75/bbl and a European gas price of $16/mmbtu for the year 2024. In the long-term, respective prices of $75/bbl (after 2024) and of $9/mmbtu (after 2026) in real terms are assumed.

Discount rates

The discount rates applied are based on the weighted average cost of capital, taking into consideration the individual functional currency and specific country risks. The Target Portfolio applies after-tax discount rates. The beta factor is based on publicly available market data about the identified peer group. For the impairment test in 2023, the after-tax discount rates applied per functional currency ranged between 8.4 per cent. and 33.9 per cent.. After-tax discount rates for the goodwill impairment test for 2023 of 8.4 per cent. and 8.5 per cent. (2022: 7.9 per cent. and 7.6 per cent.; 2021: 6.7 per cent. and 6.6 per cent.) were used for the business units Norway and Germany respectively, to which a significant portion of the goodwill was allocated.

Goodwill impairment test

Oil and gas prices, production volumes, and discount rates are considered to be the most critical input parameters and assumptions for goodwill impairment testing. A sensitivity analysis was carried out for these items. In accordance with IAS 36.134 f, the analysis focused solely on the Norway and Germany business units.

After determining the corresponding recoverable amounts of the business units by assessing considerable deviations (-20 per cent. on prices, -20 per cent. on production and +1 per cent. on discount rates), there was no indication that the carrying amount would exceed the recoverable amount and trigger goodwill impairment with regard to the discount rates, for 2023, 2022 and 2021, and with regard to the price and production, for 2022 and 2023. In the case of production volumes or gas and oil prices, a considerable decrease for one of these parameters may be associated with a potential risk of impairment of the allocated goodwill in 2021 – the recoverable amounts of Germany and Norway exceed their carrying amounts by $476 million and $919 million, respectively. The recoverable amounts would correspond to the carrying amounts of the business units if the gas and oil price forecasts were approximately 15 per cent. lower in Germany and 13 per cent. lower in Norway or if production volumes were 13 per cent. lower in Germany and 11 per cent. lower in Norway.

12. OTHER INTANGIBLE ASSETS

	Total
	$m
Cost:	
At 1 January 2021	516
Additions during the year	128
Disposals during the year	(18)
Transfers to property, plant and equipment	(245)
Transfers to assets held for sale	(7)
Currency translation adjustment	(4)
At 31 December 2021	**370**
Additions during the year	125
Disposals during the year	(47)
Currency translation adjustment	(3)
At 31 December 2022	**445**
Additions during the year	136
Disposals during the year	(43)
Transfers to property, plant and equipment	(3)
Currency translation adjustment	2
At 31 December 2023	**537**
Amortisation:	
At 1 January 2021	(118)
Charge for the year	(2)
Impairments	(47)
Disposals	1
Currency translation adjustment	2
At 31 December 2021	**(164)**
Charge for the year	(2)
Disposals	2
Currency translation adjustment	4
At 31 December 2022	**(160)**
Charge for the year	(2)
Disposals	1
Currency translation adjustment	(2)
At 31 December 2023	**(163)**
Net book value:	
At 31 December 2021	**206**
At 31 December 2022	**285**
At 31 December 2023	**374**

Impairments recorded have been explained as part of note 7. Included above are E&E assets of $245m (2022: $182m; 2021: $123m).

13. PROPERTY, PLANT AND EQUIPMENT

	Oil & Gas	Other	Total
	$m	*$m*	*$m*
Cost:			
At 1 January 2021	**20,605**	**4,471**	**25,076**
Additions during the year	1,221	12	1,233
Disposals during the year	(795)	(124)	(919)
Transfers from other intangible assets	236	9	245
Transfers to assets held for sale	—	(221)	(221)
Currency translation adjustment	(355)	(74)	(429)
At 31 December 2021	**20,912**	**4,073**	**24,985**
Additions during the year	879	17	896
Disposals during the year	(2,511)	(33)	(2,544)
Currency translation adjustment	(312)	(65)	(377)
At 31 December 2022	**18,968**	**3,992**	**22,960**
Additions during the year	1,371	73	1,444
Disposals during the year	(183)	(9)	(192)
Transfers from other intangible assets	(3)	6	3
Currency translation adjustment	179	35	214
At 31 December 2023	**20,332**	**4,097**	**24,429**
Accumulated depreciation:			
At 1 January 2021	**(10,869)**	**(1,152)**	**(12,021)**
Charge for the year	(1,391)	(232)	(1,623)
Impairment	(243)	(209)	(452)
Reversal of impairment	308	101	409
Disposals	411	53	464
Transfers to assets held for sale	112	44	156
Currency translation adjustment	212	48	260
At 31 December 2021	**(11,460)**	**(1,347)**	**(12,807)**
Charge for the year	(1,236)	(212)	(1,448)
Impairment	(3)	(308)	(311)
Reversal of impairment	135	—	135
Disposals	1,627	27	1,654
Currency translation adjustment	196	43	239
At 31 December 2022	**(10,741)**	**(1,797)**	**(12,538)**
Charge for the year	(1,154)	(222)	(1,376)
Impairment	(66)	(32)	(98)
Reversal of impairment	12	197	209
Disposals	7	8	15
Currency translation adjustment	(125)	(27)	(150)
At 31 December 2023	**(12,067)**	**(1,873)**	**(13,938)**
Net book value:			
At 31 December 2021	**9,452**	**2,726**	**12,178**
At 31 December 2022	**8,227**	**2,195**	**10,422**
At 31 December 2023	**8,267**	**2,224**	**10,491**

In connection with the acquisition and production of qualified assets, borrowing costs of $3m (2022: $23m; 2021: $21m) were capitalised as part of acquisition and production costs in the reporting period. The financing cost rate applied in this context was between 1.2 per cent. and 1.4 per cent. (2022: 1.2 per cent.; 2021: between 1.1 per cent. and 1.2 per cent.). Assets under construction is included within the above table, and is $2bn for 2023, $2bn for 2022 and $3bn for 2021, respectively. Impairment recorded in each of the HFI years have been explained as part of note 7.

In conjunction with the impairment test for our producing and development assets in 2023, 2022 and 2021, we performed sensitivity analyses for commodity prices as well as for discount rates, where negative balances indicate a further impairment, and positive balances an impairment reduction. Any impairment reversal would not exceed historical impairment.

	31 December 2023		31 December 2022		31 December 2021	
$m	Pre-tax net impairment	Post-tax net impairment	Pre-tax net impairment	Post-tax net impairment	Pre-tax net impairment	Post-tax net impairment
Oil and gas prices						
10% increase	236	175	218	168	58	57
10% decrease	(281)	(211)	(243)	(189)	(193)	(151)
Discount rates						
1% decrease	177	126	133	99	10	11
1% increase	(160)	(114)	(120)	(89)	(83)	(62)

14. LEASES

The lease agreements of the Target Portfolio essentially related to office buildings, transport and production vessels and drilling rigs. The capitalised right-of-use-assets are allocated to the following asset classes:

	Year ended 31 December		
	2023	2022	2021
		$m	
Right-of-use assets			
Land & buildings and others	65	55	62
Gas and oil assets	66	38	18
Total	**131**	**93**	**80**

	Year ended 31 December		
	2023	2022	2021
		$m	
Lease creditors			
Current	(29)	(19)	(25)
Non-current	(107)	(78)	(75)
Total	**(136)**	**(97)**	**(100)**

The following amounts are recognised in the combined statement of income:

	Year ended 31 December		
	2023	2022	2021
		$m	
Lease expenses			
Depreciation right-of-use assets	(22)	(14)	(45)
Interest expenses on lease liabilities	(5)	(4)	(4)
Total	**(27)**	**(18)**	**(49)**

The depreciation of right-of-use assets are allocated to the following asset classes for the reporting periods:

	Year ended 31 December		
	2023	2022	2021
		$m	
Depreciation right-of-use assets			
Land & buildings and others	(10)	(7)	(10)
Gas and oil assets	(12)	(7)	(35)
Total	**(22)**	**(14)**	**(45)**

Some of the lease contracts contain price-adjustment clauses as well as extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination options can be assumed with reasonable certainty.

The statement of cash flows comprises cash outflows for leases amounting to $28m (2022: $35m; 2021: $69m). In addition to the cash payments for the interest and principal portions of recognised lease liabilities, the amounts reported include payments for unrecognised short-term leases and leases for low-value assets.

15. INVENTORIES

	Year ended 31 December		
	2023	2022	2021
		$m	
Hydrocarbons	44	94	32
Consumables and subsea supplies	151	145	175
Total inventories	**195**	**239**	**207**

Inventories of consumables and subsea supplies include a provision at the year ended 31 December 2023 of $41m (2022: $43m and 2021: $48m) where it is considered that the net realisable value is lower than the original cost.

16. TRADE AND OTHER RECEIVABLES

	Year ended 31 December		
Current	2023	2022	2021
		$m	
Trade receivables	879	985	889
Underlift position	192	140	122
Other debtors	182	128	141
Related party financial receivables	776	6,827	4,336
Prepayments and accrued income	41	22	5
Corporation tax receivable	10	23	3
Financial receivables	2	—	—
Total trade and other receivables	**2,082**	**8,125**	**5,496**

The carrying value of the trade and other receivables are equal to their fair value as at the balance sheet date.

	Year ended 31 December		
Non-Current	2023	2022	2021
		$m	
Other debtors	15	12	10
Prepayments and accrued income	5	4	1
Related party financial receivables and assets	—	3,646	4,610
Other financial receivables and assets	13	13	3
Total other receivables and assets	**33**	**3,675**	**4,624**

Trade receivables comprises of related party trade receivables of $270m (2022: $502m; 2021: $289m).

The current related party financial receivables mainly comprise cash pooling receivables. In 2021 and 2022, cash generated by perimeter assets are pooled by Wintershall Dea AG, an entity outside of the transaction perimeter, and therefore included within related party financial receivables. Current receivables are assumed to be recoverable in one year, with interest at an arm's length basis based on Euro Short Term rate ("**Euro-STR**"), Sterling Overnight Index Average, ("**SONIA**"), Secure Overnight Financing Rates ("**SOFR**") and Norwegian Overnight Weighted Average ("**NOWA**").

In 2021 and 2022 non-current financial receivables mainly related to related party finance receivables (loans). The loans are contractual, with interest at an arm's length basis (with maturities ranging up to 2031).

In the context of a (net) debt push down, as explained in note 24, cash pooling liabilities and intercompany loans (liabilities) were transferred from Wintershall Dea AG into the Target Portfolio in 2023, resulting in the related party balances and transactions turning into intercompany balances and therefore eliminated in 2023, which led to a reduction in current and non-current financial receivables.

17. FINANCIAL ASSETS AND LIABILITIES

The Target Portfolio held the following derivative assets and liabilities measured at fair value as at:

	Year ended 31 December		
	2023	2022	2021
		$m	
Long-term derivative assets			
Financial derivative assets	—	—	1
Commodity derivative assets	134	7	2
Total long-term derivative assets	**134**	**7**	**3**
Short-term derivative assets			
Financial derivative assets	96	45	10
Commodity derivative assets	138	52	6
Total short-term derivative assets	**234**	**97**	**16**
Long-term derivative liabilities			
Financial derivative liabilities	(38)	(110)	(25)
Commodity derivative liabilities	(4)	(1,183)	(1,047)
Total long-term derivative liabilities	**(42)**	**(1,293)**	**(1,072)**
Short-term derivative liabilities			
Financial derivative liabilities	(1)	(78)	(62)
Commodity derivative liabilities	(257)	(2,343)	(1,862)
Total short-term derivative liabilities	**(258)**	**(2,421)**	**(1,924)**

The commodity derivatives have fluctuated significantly over the last three years, since the Target Portfolio's all-in-one gas hedges commenced in 2020 while prices were still relatively low, upon which the high gas prices during 2021 and 2022 impacted the fair value of the commodity derivative liabilities. Following the price downturn in 2023 again, the Target Portfolio hedged at much higher price levels, where the fair values decreased significantly.

Fair value measurements of all financial assets and liabilities

All financial instruments that are initially recognised and subsequently remeasured at fair value have been classified in accordance with the hierarchy described in IFRS 13 Fair Value Measurement. The hierarchy groups fair value measurements into the following levels based on the degree to which the fair value is observable.

- Level 1: fair value measurements are derived from unadjusted quoted prices for identical assets or liabilities.
- Level 2: fair value measurements include inputs, other than quoted prices included within level 1, which are observable directly or indirectly.
- Level 3: fair value measurements are derived from valuation techniques that include significant inputs not based on observable data.

Year ended 31 December 2023	Level 1	Level 2	Level 3
		$m	
Other financial assets	—	—	13
Other receivables and assets	—	—	1
Derivative financial assets	**—**	**368**	**—**
Thereof commodity derivatives (assets)	—	272	—
Thereof financial derivatives (assets)	—	96	—
Other payables and liabilities	—	—	(10)
Derivative financial liabilities	**—**	**(300)**	**—**
Thereof commodity derivatives (liabilities)	—	(261)	—
Thereof financial derivatives (liabilities)	—	(39)	—

Year ended 31 December 2022	Level 1	Level 2	Level 3
		$m	
Other financial assets	—	—	13
Trade accounts receivable	—	—	54
Other receivables and assets	—	—	3
Derivative financial assets	**—**	**104**	**—**
Thereof commodity derivatives	—	59	—
Thereof financial derivatives	—	45	—
Derivative financial liabilities	**—**	**(3,714)**	**—**
Thereof commodity derivatives	—	(3,526)	—
Thereof financial derivatives	—	(188)	—

Year ended 31 December 2021	Level 1	Level 2	Level 3
		$m	
Other receivables and assets	—	—	3
Derivative financial assets	**—**	**19**	**—**
Thereof commodity derivatives	—	8	—
Thereof financial derivatives	—	11	—
Derivative financial liabilities	**—**	**(2,996)**	**—**
Thereof commodity derivatives	—	(2,909)	—
Thereof financial derivatives	—	(87)	—

There were no transfers between fair value levels in the three years.

Commodity prices and foreign currencies are hedged using derivative instruments as necessary in accordance with a centrally defined strategy. Hedging is only employed for underlying items in the operating business, cash investments, financing and planned capital measures. The risks associated with the hedged items and the derivatives are constantly monitored. Where derivatives have a positive market value, the Target Portfolio is exposed to credit risks from derivative transactions in the event of the non-performance of the counterparty. To minimise the default risk of derivatives with positive market values, transactions are conducted exclusively with creditworthy banks and partners and subject to predefined credit limits, with no collateral.

The contracting and execution of derivative financial instruments for hedging purposes are conducted according to internal guidelines and are subject to strict control mechanisms.

$m	2023	2022	2021
Commodity derivatives	**11**	**(3,468)**	**(2,901)**
of which designated hedging instruments as defined by IFRS 9 (hedge accounting)	6	(3,465)	(2,894)
Foreign currency derivatives	**56**	**(142)**	**(77)**
of which designated hedging instruments as defined by IFRS 9 (hedge accounting)	(8)	(182)	(24)
Total	**67**	**(3,610)**	**(2,978)**

Fair value movements recognised in the income statement are disclosed in note 9 as realisations of fixed price gas sales and oils swaps are included in revenues. The following table summarises the impact of fair value movements recognised in other comprehensive profit/(loss):

2023			2022			2021		
Fixed price gas sales	Oil swaps	Foreign currency	Fixed price gas sales	Oil swaps	Foreign currency	Fixed price gas sales	Oil swaps	Foreign currency
Change in fair value of hedging instrument recognised in OCI, pre-tax. $m								
2,796	22	36	(4,375)	(279)	(156)	(4,063)	(404)	(180)
Reclassified from OCI to profit or loss, pre-tax. $m								
550	113	(24)	3,560	329	173	1,532	160	220

The following table summarises the hedge ineffectiveness as at 31 December, for each year:

$m	2023	2022	2021
Commodity derivatives			
Change in fair value of the hedging instrument	136	28	(254)
Change in fair value of the hedged item	(136)	(30)	262
Hedge ineffectiveness	**—**	**(2)**	**8**
Foreign currency derivatives			
Change in fair value of the hedging instrument	92	(88)	(177)
Change in fair value of the hedged item	(40)	90	181
Hedge ineffectiveness	**52**	**2**	**4**

17.1 **Commodity derivatives**

The Target Portfolio has designated oil swaps, zero cost collars and certain fixed-price gas sales agreements as hedging instruments within the scope of cash flow hedges. Cash flow hedges are used to hedge the risk of variability in cash flows related to highly probable forecast transactions.

The effective portion of changes in the fair value of commodity derivatives that are designated as cash flow hedges is recognised as other comprehensive income within equity. The gains or losses relating to the ineffective portion are recognised immediately in profit or loss.

Existing hedges as at 31 December 2023 include forward gas sales and zero cost collars to stabilise portions of gas revenues until 2025 as well as Dated Brent oil swaps and zero cost collars to stabilise portions of the Target Portfolio's oil sales until 2025. For the Dated Brent oil swaps and the zero cost collars, German and Norwegian oil production currently serves as a hedged item. The contracted price is defined via a price formula. Regression analyses show a high correlation between Dated Brent oil prices and contracted prices and provide the basis for determining optimal hedge ratios. In the case of fixed-price gas sales agreements, to which the hedge accounting regulations are applicable, the critical terms match method is applied to assess hedge effectiveness.

Commodity price risks also arise in the ordinary course of business for contracted gas purchase and supply agreements. The specific price risk, which results from the valuation of the gas agreements concluded in the event of an adverse change in market prices, is mitigated by the Target Portfolio by imposing and constantly monitoring the limits on the type and scope of the transactions concluded.

Existing derivatives related to the gas trading business are recognised at FVTPL and disclosed based on net risk exposure in accordance with IFRS 13.48. The following table summarises the nominal amounts, volumes, average hedged price and timings associated with the financial commodity derivatives:

	2023		2022		2021	
Year ended 31 December	Fixed price gas sales	Oil swaps	Fixed price gas sales	Oil swaps	Fixed price gas sales	Oil swaps
Nominal amount, $m	1,167	722	1,944	878	1,862	1,090
Maturity date	01/2024–12/2025		01/2023–12/2025		01/2022–12/2024	
Quantity	104,748 mmscf	10,122 mbbl	217,592 mmscf	12,342 mbbl	293,176 mmscf	15,662 mbbl
Average price or rate	10.29 €/mscf	72.86 $/bbl	8.51 €/mscf	67.83 $/bbl	5.39 €/mscf	59.03 $/bbl

17.2 **Foreign currency derivatives**

In the context of the Target Portfolio's ordinary net foreign currency exposure, derivatives are recognised at FVTPL. In order to hedge the foreign currency risk from future USD repayments of intercompany loans in a EUR functional currency entity, the Target Portfolio entered into cross-currency swaps. Additionally, in order to hedge the foreign currency risk from future EUR repayments of intercompany loans in a USD functional currency entity, the Target Portfolio entered into FX forward contracts. The future cash flows resulting from the repayment of these intercompany loans have been designated as hedged items. The spot elements and the forward elements of these foreign currency derivatives have been separated, whereas only the value changes of the spot elements have been designated as hedging instrument. The forward elements are recognised as cost of hedging in other comprehensive income and are reclassified to profit or loss on a systematic and rational basis. Hedge ineffectiveness is immediately recognised in profit or loss.

Year ended 31 December	2023	2022	2021
Nominal amount, $m	1,835	2,296	2,485
Maturity date	01/2024–09/2028	01/2023–09/2028	01/2022–09/2028
Average price or rate	1.08 $/€	1.11 $/€	1.14 $/€

18. CASH AND CASH EQUIVALENTS

	Year ended 31 December		
	2023	2023	2023
		$m	
Cash at bank and in hand	244	324	149

Cash at bank consists of both short-term fixed deposits and cash balances that earn interest at floating rates based on daily bank deposit rates. The Target Portfolio only deposits cash with major banks of high-quality credit standing.

Restricted cash and cash equivalents at the year ended 31 December 2023 include amounts in Egypt and Argentina of $183m (2022: $198m; 2021: $53m) that are subject to foreign currency transfer and amounts of $4m (2022: $6m; 2021: $6m) due to legal restrictions.

19. COMMITMENT

Contingent liabilities

Contingent liabilities relate to legal disputes and potential tax risks. The Target Portfolio is regularly involved as a defendant or other party in judicial and arbitration proceedings, as well as in official proceedings. Based on the present knowledge, these proceedings have no significant impact on Target Portfolio's economic situation.

Target Portfolio is also subject to statutory liability related to participations in various joint ownerships. Based on the present knowledge, these proceedings have no significant impact on Target Portfolio's economic situation.

Capital commitments

As at 31 December 2023, the Target Portfolio has obligations based on firm orders for property, plant and equipment, as well as from field development projects, exploration wells and seismic surveys in the amount of $2,017m (2022: $866m and 2021: $490m).

20. TRADE AND OTHER PAYABLES

	Year ended 31 December		
	2023	2022	2021
		$m	
Current			
Trade payables	610	386	365
Overlift position	46	81	57
Other payables	417	280	252
Deferred income	1	26	55
Related party financial liabilities	568	809	604
Total	**1,642**	**1,582**	**1,333**
Non-current			
Other payables	27	23	27
Related party financial liabilities	—	1,302	1,372
Total	**27**	**1,325**	**1,399**

Trade payables comprises of related party trade payables of $265m (2022: $170m; 2021: $126m).

The current related party financial payables include cash pooling payables and other short term financial liabilities with related parties. Current payables are assumed to be payable in one year, with interest at an arm's length basis based on Euro-STR, SONIA, SOFR and NOWA.

In 2021 and 2022 non-current financial liabilities relate to related party financial liabilities (loans). The loans are contractual, with interest at an arm's length basis (with maturities ranging up to 2051).

In the context of a (net) debt push down, as explained in note 24, intercompany loans (assets) were transferred from Wintershall Dea AG into the Target Portfolio in 2023, resulting in the related party transactions turning into intercompany transactions and therefore eliminated in 2023, which led to a reduction in related party financial liabilities.

21. PENSION PROVISIONS

In addition to state pension plans, most employees are granted company pension benefits from either defined contribution or defined benefit plans. Benefits generally depend on the length of service, compensation and contributions and take into consideration the legal framework of labour, tax and social security laws in the countries where the companies are located. To limit the risks of changes in financial market conditions and demographic developments, for a number of years now, employees have been offered almost exclusively defined contribution plans or equivalent company pension benefits for future years of service.

Description of the defined benefit plans

Germany

Some Target Portfolio companies in Germany have been participating in a capital market oriented defined benefit pension scheme. This scheme applies to all new employees joining the Target Portfolio company since 2020 and is financed by employer and employee contributions and the performance of the investment. The Target Portfolio guarantee at least the sum of all employer and employee contributions paid and generally fully covers these pension obligations with plan assets as part of an additional Contractual Trust Arrangement ("**CTA**"). The option of building up employee-financed retirement provisions through deferred compensation is also available to all employees of Target Portfolio companies in Germany as part of the capital market-oriented defined benefit pension scheme. All other pension plans (including deferred compensation plans) have been closed to new employees.

Furthermore, pension plans previously provided by BASF Pensionskasse VVaG for Target Portfolio company employees in Germany were replaced from April 2023 by new plans for future periods of service. The defined benefit plan of BASF Pensionskasse VVaG, which was closed to new employees in 2004, is continued as a defined benefit plan via a direct commitment by the Target Portfolio. The contribution-based plan of BASF Pensionskasse VVaG was replaced by the capital market-oriented pension scheme that is also granted to all new entrants.

Since the changeover in April 2023, some Target Portfolio companies in Germany only participate in the BASF group's pension plans for periods of service already rendered (past service). Some of the past service benefits financed via BASF Pensionskasse VVaG are subject to adjustments that must be borne by its member companies to the extent that these cannot be borne by BASF Pensionskasse VVaG due to the regulations imposed by the German supervisory authority. In addition to the former basic level of BASF Pensionskasse VVaG benefits, there are still defined pension schemes, which are financed via pension provisions at the German entities within the Target Portfolio. The benefits are largely based on modular plans. Only employees who already participated in various existing deferred compensation plans before 2022 can continue to participate in these plans.

BASF SE is not providing the required plan information from BASF Pensionskasse regarding the allocation of assets to the Target Portfolio for year-end closing. As a result, the former participation in BASF Pensionskasse for periods of service before April 2023 is accounted for as a multi-employer defined benefit plan with no access to sufficient information about the asset allocation and, therefore, as a defined contribution plan in accordance with IAS 19.36.

For further existing pension plans in Germany that are self-managed by the Target Portfolio, assets were transferred to Willis Towers Watson Treuhand GmbH within the framework of CTAs and to Willis Towers Watson Pensionsfonds AG as insolvency insurance. Willis Towers Watson Pensionsfonds AG falls within the scope of the Act on Supervision of Insurance Undertakings and Oversight by the German Federal Financial Supervisory Authority ("**BaFin**"). Insofar as a regulatory deficit occurs in the pension fund, supplementary payments are requested from the employer. Irrespective of the aforementioned rules, the liability of the employer remains in place. The bodies of Willis Towers Watson Treuhand GmbH and Willis Towers Watson Pensionsfonds AG are responsible for ensuring that the funds under management are used in compliance with the contract and thus fulfil the requirements for their recognition as plan assets.

The defined benefit plans that are recognised as pension provisions mainly include pension promises and are hence subject to longevity risk.

Norway

The Target Portfolio Norway defined benefit plans have been closed to new employees since 1 January 2016. For Norwegian employees whose remaining length of service until retirement on 1 January 2016 was 15 years or less, a final salary commitment continues to apply after the closure of the plan.

The plans are partly funded via Nordea Liv AS. Employees who still had a remaining length of service of more than 15 years on the date of 1 January 2016 and employees who joined the company after this date are entitled to benefits under a defined contribution pension plan. Defined contribution plans are either secured with Nordea Liv AS or unfunded and administered by Storebrand Pensjonstjenester on behalf of the Target Portfolio.

Moreover, closed defined benefit plans are in place for former DEA Norge employees. These are secured with DNB ASA. Employees who on 1 January 2021 still had 15 years or less until retirement remained in the existing plans. All others were transferred to existing defined contribution plans.

Actuarial assumptions

The amount of the provision for defined benefit pension schemes was determined by actuarial methods on the basis of the following key assumptions:

	2023		2022		2021	
Key assumptions (%)	**Germany**	**Norway**	**Germany**	**Norway**	**Germany**	**Norway**
Discount rate	3.2%	3.7%	3.7%	3.2%	1.2%	1.5%
Pension growth	2.3%	2.4%	2.3%	1.7%	1.7%	0.0%

The valuation of the defined benefit obligation is performed using the most recent actuarial mortality tables as at each year-end:

Germany	Heubeck Richttafeln 2018 G
Norway	K2013

The present value of the defined benefit obligations less plan assets measured at fair value results in the net defined benefit obligation arising from funded and unfunded plans and is recognised as pension provision on the balance sheet. Of the present value of defined benefit obligations, $458m (2022: $421m and 2021: $590m) relate to benefit obligations in Germany and $64m (2022: $68m and 2021: $90m) to benefit obligations in Norway.

German entities within the Target Portfolio's pensions are subject to an obligation to review for adjustments every three years pursuant to Section 16 of the German Occupational Pension Act ("**BetrAVG**"). Additionally, some commitments grant annual pension adjustments, which may exceed the legally mandated adjustment obligation.

The weighted average duration of the pension obligations is 12 years in Germany (2022: 12 years and 2021: 15 years) and 19 years in Norway (2022: 15 years and 2021: 19 years).

	Year ended 31 December		
	Defined benefit Obligations	Plan assets	Total
		$m	
As at 1 January 2021	**(765)**	**520**	**(245)**
Current service costs	(13)	—	(13)
Interest expense/(income)	(6)	4	(2)
	(19)	**4**	**(15)**
Remeasurements			
Return on plan assets, excluding amounts already recognized in Interest income	—	32	32
Actuarial gains/(losses)			
Of which effect of changes in financial assumptions	36	—	36
Of which effect of experience adjustments	(16)	—	(16)
Pre-tax other OCI impact of remeasurements	**20**	**32**	**52**
Currency effect	46	(32)	14
Employer contribution to the funded plans	—	8	8
Employee contribution to the funded plans	—	—	—
Benefit payments	36	(29)	7
Other	(1)	—	(1)
Change in scope	—	—	—
As at 31 December 2021	**(683)**	**503**	**(180)**
Current service costs	(8)	—	(8)
Interest expense/(income)	(8)	6	(2)
	(16)	**6**	**(10)**
Remeasurements			
Return on plan assets, excluding amounts already recognized in Interest income	—	(49)	(49)
Actuarial gains/(losses):			
Of which effect of changes in financial assumptions	153	—	153
Of which effect of experience adjustments	(37)	—	(37)
Pre-tax OCI impact of remeasurements	**116**	**(49)**	**67**
Currency effect	50	(36)	14
Employer contribution to the funded plans	—	2	2
Benefit payments	34	(22)	12
Other	6	(6)	—
As at 31 December 2022	**(493)**	**398**	**(95)**
Current service costs	(5)	—	(5)
Interest expense/(income)	(17)	14	(3)
	(22)	**14**	**(8)**
Remeasurements			
Return on plan assets, excluding amounts already recognized in Interest income	—	13	13
Actuarial gains/losses			
Of which effect of changes in financial assumptions	(35)	—	(35)
Of which effect of experience adjustments	(2)	—	(2)
Pre-tax OCI impact of remeasurements	**(37)**	**13**	**(24)**
Currency effect	(16)	15	(1)
Employer contribution to the funded plans	—	39	39
Benefit payments	33	(24)	9
Other	8	(7)	1
As at 31 December 2023	**(527)**	**448**	**(79)**

Sensitivity analysis of defined benefit obligations

An increase or decrease in the discount rate and pension growth would have the following impact on the present value of the defined benefit obligations:

	2023	2022	2021
		$m	
Discount rate			
Increase of 0.5 percentage points	(31)	(27)	(35)
Reduction of 0.5 percentage points	34	31	40
Pension growth			
Increase of 0.5 percentage points	23	22	30
Reduction of 0.5 percentage points	(21)	(19)	(25)

Plan assets

The investment policy in Germany is based on detailed asset liability management ("**ALM**") studies. Portfolios are identified that can achieve the best target return within a given risk budget. From these efficient portfolios, one is selected, and the strategic asset allocation is determined. The strategic asset allocation consists of two main elements. The first one is used to hedge fluctuations. This involves the use of capital market instruments that hedge the financial risks arising from the valuation of pension obligations. The second part of the allocation is used to generate income and for diversification purposes. The broadly diversified portfolio includes investments in bonds, equities, real estate and other asset classes. The assets are continuously monitored and managed from a risk and return perspective.

Contributions to the CTA are usually processed to the extent that at least an overall constant or increasing level of funding is achieved.

	Year ended 31 December		
	2023	2022	2021
		$m	
Assets held by insurance company	31	37	43
Specialised funds	413	358	457
Total	**444**	**395**	**500**

Defined contribution plans

For defined contribution plans, expenses of $8m were incurred (2022: $8m and 2021: $7m). As the Target Portfolio does not have the required information on the asset allocation of BASF Pensionskasse, it accounts for the multi-employer defined benefit plan for the past service before April 2023 as if it were a defined contribution plan. The pension provision covers the obligation for future pension adjustments with the amount of $9m (2022: $7m and 2021: $10m), in Germany. Other future supplementary payment obligations may occur due to unexpected funding requirements. Since these obligations are neither predictable nor probable, they are not included in the Target Portfolio's pension provisions. The Target Portfolio's contributions to the multi-employer plan made until April 2023 represent a certain percentage of the employee contributions. This percentage is the same for all participating employers. It takes into account the differences between the actuarial estimates and the actual values for the factors used to determine liabilities and contributions. Since April 2023, no ongoing contributions have been paid into the plan.

22. **PROVISIONS**

	Decommissioning provision	Other	Total
	$m		
At 1 January 2021	**3,370**	**318**	**3,688**
Additions	4	174	178
Changes in estimates: (decrease)/increase to assets*	(90)	—	(90)
Changes in estimates: debit/(credit) to the income statement*	(8)	—	(8)
Disposals	(171)	(13)	(184)
Amounts used	(38)	(90)	(128)
Unwinding of discount	23	—	23
Currency translation adjustment	(92)	(14)	(106)
At 31 December 2021	**2,998**	**375**	**3,373**
Additions	36	70	106
Changes in estimates: (decrease)/increase to assets*	(623)	—	(623)
Changes in estimates: debit/(credit) to the income statement*	3	—	3
Disposals	(89)	(18)	(107)
Amounts used	(68)	(86)	(154)
Unwinding of discount	30	—	30
Currency translation adjustment	(68)	(21)	(89)
At 31 December 2022	**2,219**	**320**	**2,539**
Additions	10	200	210
Additions from business combinations	38	—	38
Changes in estimates: (decrease)/increase to assets*	(113)	—	(113)
Changes in estimates: debit/(credit) to the income statement*	(9)	—	(9)
Disposals	(10)	(14)	(24)
Amounts used	(41)	(104)	(145)
Unwinding of discount	74	2	76
Currency translation adjustment	32	8	40
At 31 December 2023	**2,200**	**412**	**2,612**

Decommissioning provision

*The changes in estimates includes the effect of the discount rates changes for the three main jurisdictions of $134m (decrease in provision) in 2023, $790m (decrease in provision) in 2022 and $123m (decrease in provision) in 2021.

Decommissioning obligations pertain mainly to anticipated costs for filling wells and removing production equipment after production activities have come to an end. The costs of decommissioning and removal activities require revisions due to changes in current regulations and technology while considering relevant risks and uncertainties. Most of the removal activities are many years into the future, and the removal technology and costs are constantly changing. The speed of the transition to renewable energy sources may also influence the production period, hence the timing of the removal activities. The estimates include assumptions of norms, rates and time required which can vary considerably depending on the assumed removal complexity. The cost estimation differs based on the different categories of assets to be decommissioned. In regard to the estimation approach, it has to be differentiated between operated and non-operated assets. The estimation of costs for non-operated assets is either performed by the respective operator, while the responsible Target Portfolio company is reviewing the estimation provided, based on its own expertise, and the market as well as regulatory environment, or performed by the responsible Target Portfolio company and challenged by the data provided from the operator. For own operated assets the estimation of costs is based on own calculations, which are partially based on country-specific, industry-wide agreed upon standard cost estimates, while prices for specific activities in the area of field clearance are externally reviewed whenever possible. Furthermore, decommissioning cost estimates are continuously benchmarked against completed decommissioning activities and adjusted if needed.

In order to determine the present value, discount rates between 2.55 per cent. and 7.18 per cent. were applied in the reporting period (2022: 2.05 per cent. to 6.94 per cent., 2021: 0.00 per cent. to 8.69 per cent.). For Germany, the discount rates between 2.55 per cent. and 2.97 per cent. were applied in the reporting period (2022: 2.13 per cent. to 2.41 per cent., 2021: 0.00 per cent.) and were determined based on local government bond yield return, with an identical maturity of the expected cash flows to fulfil the decommissioning obligation. For Norway and Argentina, the discount rates between 4.69 per cent. and 5.37 per cent. were applied in the reporting period (2022: 4.18 per cent. to 4.76 per cent., 2021: 0.14 per cent. to 1.96 per cent.), and were determined based on US Treasury bond yield return, with an identical maturity of the expected cash flows.

The following table summarises the aggregated sensitivity analysis performed on the discount rates for the material business units, where negative balances indicate a decrease in the provision, and positive balances an increase in the provision:

	31 December 2023		31 December 2022		31 December 2021	
$m	**0.5% rate decrease**	**0.5% rate increase**	**0.5% rate decrease**	**0.5% rate increase**	**0.5% rate decrease**	**0.5% rate increase**
Total decommissioning provision sensitivity	(121)	111	(136)	125	(186)	170

The expected settlement of the provisions depends on the ratio of produced reserves to expected reserves and generally varies within a range of less than one year up to approximately 30 years, the majority of which are anticipated to be incurred between the next 10 to 20 years. Any reasonable changes in the in the year of abandonment assumption within the next 12 months will not result in material revision in the decommissioning provision.

Other – Employee obligations provision

Provisions for employee obligations include, in particular, obligations to pay long-service bonuses, anniversary bonuses, and variable remuneration, including the associated social security contributions and provisions due to restructuring measures or early retirement as well as phased-in early retirement models.

Pension provisions

Please refer to note 21 for pension provisions. The balances are non-current liabilities, and 2023: $79m, 2022: $95m, 2021: $180m respectively.

Total provisions* classified within:

$m	**Non-current liabilities**	**Current liabilities**
At 31 December 2021	3,082	471
At 31 December 2022	2,259	375
At 31 December 2023	2,238	453

**This includes the pension provision balances, as per note 21.*

23. BORROWINGS AND FACILITIES

	Year ended 31 December		
	2023	**2022**	**2021**
		$m	
Bonds	3,323	4,149	4,561
Transaction costs on bonds	(8)	(10)	(15)
Subordinated notes	1,690	1,624	1,742
Transaction costs on subordinated notes	4	3	2
Total borrowings	**5,009**	**5,766**	**6,290**
Classified within:			
Non-current liabilities	4,963	4,766	6,241
Current liabilities	46	1,000	49
Total borrowings	**5,009**	**5,766**	**6,290**

Bonds

	%	Maturity	Currency	Nominal Value €m	Fair Value 31 Dec-23 €m	Carrying Value 31 Dec-23 €m
Bond ISIN: XS2054209833	0.8%	2025	EUR	1,000	955	999
Bond ISIN: XS2054210252	1.3%	2028	EUR	1,000	907	997
Bond ISIN: XS2055079904	1.8%	2031	EUR	1,000	867	997
Total				**3,000**	**2,729**	**2,993**

In September 2019, Wintershall Dea Finance B.V., an entity within the Target Portfolio, issued senior bonds in the amount of €4,000 million. The transaction comprised four tranches.

Transaction costs were capitalised as a reduction in the bond amount and are being amortised over the expected life applying the EIR method.

In Q2 2022, Wintershall Dea Finance B.V. repurchased €99 million in aggregate principal amount of its senior bonds due in 2023. The redemption was executed between 12 May 2022 and 20 June 2022 pursuant to an open market repurchase programme. The bonds were cancelled by the issuer. The remaining amount of the Tranche (€901 million plus €42m worth of accrued interest) was repaid in September 2023, as at the due date.

As at 31 December 2023, the fair value of the bonds, which is determined using quoted market prices in an active market, amounts to €2,729 million. The repayment obligation remains at €3,000 million.

Subordinated notes

In January 2021, Wintershall Dea AG (outside the Target Portfolio) issued two series of subordinated resettable fixed rate notes (subordinated notes) in the aggregate principal amount of €1,500 million through subsidiary Wintershall Dea Finance 2 B.V. The subordinated notes are callable three months prior to the first reset date for the NC2026 series and six months prior to the first reset date for the NC2029 series, and have no maturity:

	%	Maturity	Currency	Nominal Value €m
Bond ISIN: XS2286041517	2.5%	2026	EUR	650
Bond ISIN: XS2286041947	3.0%	2029	EUR	850
Total				**1,500**

In the consolidated group financial statements of Wintershall Dea AG the subordinated notes, as included in the Target Portfolio, are classified as equity. For purposes of the HFI, the subordinated notes have been classified as liabilities in line with IAS 32 Financial Instruments on the basis that the guarantor, who has the ability to control the deferral of interest on the subordinated notes, is Wintershall Dea AG (which is outside the Target Portfolio), and therefore the cash flows are outside the control of the entities within the perimeter.

Going forward, it is probable that the subordinated notes will be treated as equity within the consolidated group financial statements of Harbour Energy plc because on 22 February 2024 the bondholders approved a change in guarantor from Wintershall Dea AG to Harbour Energy plc which will be effective upon completion of the transaction.

Changes in liabilities arising from financing activities under IAS 7

	1 Jan 2021	Cash flows from (repayments)/ proceeds	Currency effect	Other changes	31 Dec 2021
Bonds	4,881	—	(338)	3	4,546
Subordinated notes	—	1,758	(14)	—	1,744
Term loan	804	(800)	—	(4)	—
Financial liabilities to related parties	2,198	130	106	(457)	1,977
Lease liabilities	162	(69)	(2)	9	100
Total	**8,045**	**1,019**	**(248)**	**(449)**	**8,367**

	1 Jan 2022	Cash flows from (repayments)/ proceeds	Currency effect	Other changes	31 Dec 2022
Bonds	4,546	(106)	(307)	6	4,139
Subordinated notes	1,744	—	(117)	—	1,627
Financial liabilities to related parties	1,977	—	71	62	2,110
Lease liabilities	100	(35)	(2)	34	97
Total	**8,367**	**(141)**	**(355)**	**102**	**7,973**

	1 Jan 2023	Cash flows from (repayments)/ proceeds	Currency effect	Other changes	31 Dec 2023
Bonds	4,139	(979)	149	6	3,315
Subordinated notes	1,627	—	67	—	1,694
Financial liabilities to related parties	2,110	(17)	(106)	(1,419)	568
Lease liabilities	97	(28)	2	65	136
Total	**7,973**	**(1,024)**	**112**	**(1,348)**	**5,713**

The table details the change in the carrying amount of the Target Portfolio's borrowings arising from financing cash flow.

24. **INVESTED CAPITAL**

The key balance movements within invested capital are:

- Total comprehensive income directly from the Combined statement of other comprehensive income; and

- Capital contributions and reduction consist of transactions with the owner of the target portfolio and comprise of:

Capital Contributions	Amount ($'m)	Narrative
2021		
Capital contribution	131	Allocation of Wintershall Dea AG head office costs in line with SIR2000
PLTA	(156)	Profit and loss transfer agreements ("**PLTA**") in relation to target portfolio entities who transfer profits to the contractual partner (Wintershall Dea AG) resulting in a receivable (loss) or liability (profit) against that company and an equity distribution. The settlement, including interest, will take place in the following year via non cash settlement to/from the cash pooling receivables/liabilities
Total Capital Reductions 2021	**(25)**	
2022		
Capital contribution	132	Allocation of Wintershall Dea AG head office costs in line with SIR2000
PLTA	(760)	Changes from Profit and loss transfer agreements
Other	25	Other capital contributions from Wintershall Dea AG to entities within the Perimeter
Total Capital Reductions 2022	**(603)**	
2023		
Capital contribution	11	Allocation of Wintershall Dea AG head office costs in line with SIR2000
Capital reduction	(6,494)	Capital reduction as a result of the group restructure, as set out in debt pushdown of interests in the Target Portfolio below.
PLTA	(553)	Changes from Profit and loss transfer agreements
Dividends	(339)	Dividends were declared to Wintershall Dea AG and settled in the year via non cash settlement from the cash pooling receivables / liabilities
Total Capital Reductions 2023	**(7,375)**	

Hive down of interests in the Target Portfolio

On 15 August 2023, WDGH was incorporated and inserted at the top of the entities in the Target Portfolio. During the hive down, Wintershall Dea AG transferred its interest in the Target Portfolio into WDGH.

This transfer of interests into WDGH resulted in the recognition of an investment in WDGH's balance sheet and an opposite entry within invested capital of $6.8bn (€6.3bn), which was initially recorded at the previous carrying value of the investments in Wintershall Dea AG.

As all entities are within the Target Portfolio the investment balances are eliminated upon combination reversing the impact on invested capital.

Debt pushdown

On 31 October 2023, certain balances Wintershall Dea AG held with entities within the Target Portfolio were transferred from Wintershall Dea AG to WDGH. These balances comprised of:

	Amount ($'bn)
Cash pooling balances (liability)	(4.4)
Intercompany loans (asset)	1.3
Intercompany loans (liability)	(3.7)
Net liability transferred	**(6.8)**

In exchange, WDGH released $6.5bn or (€6.0bn) of capital reserves (from the €6.3bn created during the hive down) and recorded a cash pooling receivable against Wintershall Dea AG of $0.5bn (€0.5bn).

As a result of the debt pushdown, the counterparty of the intergroup financial payable and receivable balances in the perimeter balance sheet changed from Wintershall Dea AG to WDGH, resulting in a $6.5bn reduction in capital reserves, in reflection of the elimination of net receivable the Target Portfolio was owed by Wintershall Dea AG immediately before the debt pushdown occurred.

25. FINANCIAL RISK FACTORS AND RISK MANAGEMENT

By operating in an international environment, the Target Portfolio is exposed to market (price and foreign currency risks) and interest rate risks as well as to credit and liquidity risks in the ordinary course of its business. The Target Portfolio are subject to a strict risk management regime. The operational framework, as well as responsibilities and controls, are regulated by binding internal corporate guidelines. Financial derivatives are used exclusively to hedge the risk related to underlying transactions, and not for speculative purposes.

25.1 Foreign currency risk

Changes in exchange rates could lead to losses in the value of financial instruments and adverse changes in future cash flows. Foreign currency risks from financial instruments arise from the translation of financial receivables, cash and cash equivalents and financial liabilities into the functional currency of the respective Target Portfolio company at the closing rates. The Target Portfolio's foreign currency exposures are monitored and managed with the aim to eliminate the effect of currency fluctuations on the statement of income.

Exposure and sensitivity per currency:

	31 December 2023			31 December 2022			31 December 2021		
$m	**Exposure**	**+10%**	**-10%**	**Exposure**	**+10%**	**-10%**	**Exposure**	**+10%**	**-10%**
EGP	10	(1)	1	71	(6)	6	—	—	—
GBP	—	—	—	148	(13)	13	206	(19)	19
USD	(2,295)	209	(209)	(150)	13	(13)	81	(7)	7
ARS	176	(16)	16	208	(19)	19	20	(2)	2
NOK	49	(4)	4	(337)	31	(31)	(186)	17	(17)
MXN	(128)	11	(11)	(99)	9	(9)	29	(3)	3
Total	**(2,188)**	**199**	**(199)**	**(159)**	**15**	**(15)**	**150**	**(14)**	**14**

25.2 Interest rate risks

Interest rate risks arise due to potential changes in prevailing market interest rates, which can lead to changes in the fair value of fixed-rate instruments and interest payment fluctuations for variable-rate instruments. Even though the interest rates for the subordinated bonds are currently fixed, this will change over time, in line with the respective first option for the issuer to call one of the bonds for redemption in the year 2026, and the other in the year 2029. Following these dates, the interest rate for the respective subordinated bond will be reset to become a variable interest rate, based on a benchmark rate and a spread. These risks are not of material significance for the Target Portfolio's operating activities.

25.3 Commodity price risks

The Target Portfolio's revenue, cash flows and profitability depend to a large extent on prevailing international and local commodity prices. Any resulting adverse changes in market prices could have a negative impact on the Target Portfolio's net result and equity.

Commodity price risks related to production are assessed and mitigated regularly using systematic risk management. The principles of this approach are defined in the commodity hedging policy.

All hedging transactions are entered into for the sole purpose of reducing risks from planned transactions exposed to commodity price risks that have a high probability of occurrence. Part of the oil and gas price risks are hedged. The volumes to be hedged depend on the economic exposure and the current level of oil and gas prices.

The target hedge volumes are 50 per cent. and 25 per cent. of economic exposure after tax, capped by 75 per cent. and 37.5 per cent. of effectively hedgeable volumes, for a one-year and two-year horizon, respectively.

Existing hedges as at 31 December 2023 include forward gas sales and zero cost collars to stabilise portions of gas revenues until 2025 as well as Dated Brent oil swaps and zero cost collars to stabilise portions of oil sales until 2025.

For the Dated Brent oil swaps and the zero cost collars, German and Norwegian oil production currently serves as a hedged item. The contracted price is defined via a price formula. Regression analyses show a high correlation between Dated Brent oil prices and contracted prices and provide the basis for determining optimal hedge ratios. In the case of fixed-price gas sales agreements, to which the hedge accounting regulations are applicable, the critical terms match method is applied to assess hedge effectiveness.

Commodity price risks also arise in the ordinary course of business for contracted gas purchase and supply agreements. The specific price risk, which results from the valuation of the gas agreements concluded in the event of an adverse change in market prices, is mitigated by imposing and constantly monitoring the limits on the type and scope of the transactions concluded.

The following table summarises the impact on the Target Portfolio's pre-tax profit and other comprehensive income from a reasonably foreseeable movement in commodity prices on the fair value of commodity based derivative instruments held:

	31 December 2023		31 December 2022		31 December 2021	
$m	Effect on profit before tax	Effect on OCI	Effect on profit before tax	Effect on OCI	Effect on profit before tax	Effect on OCI
Brent crude oil						
$10/bbl increase	—	(96)	—	(123)	—	(157)
$10/bbl decrease	—	96	—	123	—	157
Natural gas						
$1.5/MMBtu increase	(11)	(155)	(64)	(514)	(47)	(644)
$1.5/MMBtu decrease	11	155	64	514	47	644

25.4 **Credit risk**

Default and credit risks arise when contractual partners do not fulfil their obligations. The Target Portfolio is exposed to credit risks from its operating activities (primarily trade accounts receivable) and its financing activities, including deposits with banks and financial institutions, favourable derivative financial instruments (positive fair value) and other financial receivables.

If customers are independently rated, these ratings are used for assessment. If there is no independent rating, the risk management function assesses customers' credit quality based on their financial position or bases the assessment on past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with set limits. There are no significant concentrations of credit risks through the exposure to individual customers or regions. Country-specific payment risks are within the limits stipulated by the management and closely monitored.

A default event occurs if management has good reason to believe that a customer will not repay its liability to the Target Portfolio usually due to the customer's financial difficulty. A payment delay in the course of regular business practice does not alone indicate a customer default. An assessment of the overall situation is required on a case-by-case basis.

The maximum risk of default corresponds to the carrying amounts of the financial assets.

Financial assets are written off when there is no reasonable expectation of recovery of the contractual cash flows. Losses from financial assets that have been written off were not material in 2023, 2022 and 2021.

25.5 **Liquidity risks**

The liquidity risk management ensures that the required liquidity to meet financial obligations is available at all times and that the liquidity position of the Target Portfolio is optimised. Centralised financial planning is the basis for liquidity risk management. Financial planning is performed for the following twelve months on a monthly basis and for the following month on a daily basis.

Wintershall Dea AG has a revolving credit facility ("**RCF**") that was available to the Target Portfolio in the total amount of €900 million, with an initial tenor of five years and additional extension options of up to two years, was agreed with a bank consortium and can be utilised if necessary. The first and second one-year extensions were confirmed for the full amount. This facility is available until March 2026 and remains undrawn, however it will no longer be available on completion of the transaction.

The Target Portfolio's cash flow requirements are monitored on a regular basis, taking into consideration the funding sources, existing bank facilities and cash flow generation from the producing asset base. Specifically, it is ensured that there is sufficient liquidity to meet operational funding requirements and debt servicing.

Maturity Analysis:

	≤1 year	1–5 years	>5 years	Total Payment Amount
	$m	$m	$m	$m
As at 31 December 2023				
Non-derivative financial liabilities				
Bond	12	2,207	1,104	3,323
Subordinated notes	34	—	1,656	1,690
Trade and other payables (excluding related party financial liabilities)	949	7	—	956
Lease obligations	34	81	41	156
Related party financial liabilities	568	—	—	568
Total non-derivative financial liabilities	**1,597**	**2,295**	**2,801**	**6,693**
Derivative financial liabilities				
Foreign currency derivatives	585	—	—	585
Commodity derivatives (settled in cash)	44	3	—	47
Total	**2,226**	**2,298**	**2,801**	**7,325**
As at 31 December 2022				
Non-derivative financial liabilities				
Bond	967	1,061	2,121	4,149
Subordinated notes	33	—	1,591	1,624
Trade and other payables (excluding related party financial liabilities)	603	12	—	615
Lease obligations	21	52	37	110
Related party financial liabilities	809	—	1,302	2,111
Total non-derivative financial liabilities	**2,433**	**1,125**	**5,051**	**8,609**
Derivative financial liabilities				
Foreign currency derivatives	1,112	—	—	1,112
Commodity derivatives (settled in cash)	119	42	—	161
Total	**3,664**	**1,167**	**5,051**	**9,882**
As at 31 December 2021				
Non-derivative financial liabilities				
Bond	13	2,274	2,274	4,561
Subordinated notes	36	—	1,706	1,742
Trade and other payables (excluding related party financial liabilities)	559	11	—	570
Lease obligations	27	45	41	113
Related party financial liabilities	604	—	1,372	1,976
Total non-derivative financial liabilities	**1,238**	**2,330**	**5,393**	**8,962**
Derivative financial liabilities				
Foreign currency derivatives	749	—	—	749
Commodity derivatives (settled in cash)	132	78	—	210
Total	**2,119**	**2,408**	**5,393**	**9,921**

25.6 **Impairment on financial assets**

In order to determine the impairment of financial assets, the Target Portfolio uses either a general three-stage approach or the simplified approach, according to IFRS 9, as applicable. In the case of financial assets for which the simplified approach does not apply, their assessment takes place as at each reporting date to determine whether the credit risk on a financial instrument has increased significantly since its initial recognition.

Trade accounts receivable, other receivables, financial receivables and deposits with banks are subject to the expected credit loss model. This is generally based on either externally provided or internal ratings for each debtor which, in certain cases, are updated based on recently available information.

To measure the expected credit losses on trade accounts receivable, the Target Portfolio applies the simplified approach according to IFRS 9. Accordingly, the loss allowance is measured at an amount equal to the lifetime expected credit losses. For trade accounts receivable, the contractual payment term is usually 30 days. In deviation to this general rule, terms of up to one year are considered for the calculation of expected credit losses due to different regional payment practices, especially in Egypt and Mexico.

The loss allowance for other receivables, financial receivables and deposits with banks is measured at an amount equal to the twelve-month expected credit loss. If the term of the financial instrument is shorter than 12 months, the lifetime expected credit loss is applied.

The valuation loss allowances are determined as follows for the 3 HFI years:

$m	As at 1 Jan 2023	Additions	Reversals	Currency translation adjustments	As at 31 Dec 2023
Trade accounts receivable					
of which Stage 2	(2)	(49)	3	(1)	(49)
of which Stage 3	(9)	—	5	—	(4)
	(11)	**(49)**	**8**	**(1)**	**(53)**
Other receivables					
of which Stage 3	(6)	(5)	—	—	(11)
	(6)	**(5)**	**—**	**—**	**(11)**
Financial receivables					
of which Stage 1	—	(8)	8	—	—
Total	**(17)**	**(62)**	**16**	**(1)**	**(64)**

$m	As at 1 Jan 2022	Additions	Reversals	Disposals	Transfer	Currency translation adjustments	As at 31 Dec 2022
Trade accounts receivable							
of which Stage 2	(3)	(4)	4	—	—	—	(3)
of which Stage 3	(14)	—	5	—	—	—	(9)
	(17)	**(4)**	**9**	**—**	**—**	**—**	**(12)**
Other receivables							
of which Stage 2	(4)	—	—	—	4	—	—
of which Stage 3	—	(3)	—	—	(3)	—	(6)
	(4)	**(3)**	**—**	**—**	**1**	**—**	**(6)**
Financial receivables							
of which Stage 3	—	—	—	—	—	—	—
Total	**(21)**	**(7)**	**9**	**—**	**1**	**—**	**(18)**

$m	As at 1 Jan 2021	Additions	Reversals	Disposals	Currency translation adjustments	As at 31 Dec 2021
Trade accounts receivable						
of which Stage 2	(3)	(6)	6	—	1	(2)
of which Stage 3	(16)	(1)	3	—	—	(14)
	(19)	**(7)**	**9**	**—**	**1**	**(16)**
Other receivables						
of which Stage 3	—	(3)	—	—	(1)	(4)
	—	**(3)**	**—**	**—**	**(1)**	**(4)**
Financial receivables						
of which Stage 3	(27)	—	—	24	1	(2)
Total	**(46)**	**(10)**	**9**	**24**	**1**	**(22)**

26. NOTES TO THE STATEMENT OF CASH FLOWS

Net cash flows from operating activities consist of:

$m	Year ended 31 December 2023	2022	2021
Profit before tax for the year	2,575	4,115	1,302
Adjustments to reconcile profit before tax to net cash flows:			
Finance income	(497)	(198)	(224)
Finance expense	281	192	182
Depreciation and amortisation	1,400	1,464	1,670
Impairment (reversal)/expense of property, plant and equipment	(111)	176	(23)
Impairment goodwill	—	12	17
Net loss/(gain) on disposal	10	128	(25)
SIR 2000 adjustment	11	132	131
Exploration costs written-off	72	28	193
Decommissioning costs paid	(41)	(68)	(38)
Fair value movement of derivatives not yet settled	(41)	15	29
Unrealised foreign currency movement	367	(309)	(231)
Decrease /(Increase) in inventories	43	(32)	(23)
(Increase) in trade and other receivables	(68)	(133)	(276)
Increase in trade and other payables	228	111	151
Increase / (decrease) in provisions	(26)	66	176
Other operating cash flows	(91)	(34)	(123)
Tax paid	(2,515)	(2,010)	220
Net cash inflow from operating activities	**1,597**	**3,655**	**3,108**

**Exclude financial receivables and liabilities.*

Reconciliation of net cash flow to movement in net borrowings

$m	Year ended 31 December 2023	2022	2021
Repayment of bond	979	106	—
Proceeds from subordinated notes	—	—	(1,758)
Repayment of debt to banks	—	12	862
Proceeds from debt to banks	—	(12)	(62)
Repayment of lease liabilities	28	35	69
Currency translation adjustment	(218)	426	354
Other charges	(71)	(40)	(8)
Movement in total borrowings	**718**	**527**	**(543)**
Net increase in cash and cash equivalents	221	203	39
Net foreign exchange difference	(301)	(28)	(6)
Movement in cash and cash equivalents	**(80)**	**175**	**33**
(Increase)/decrease in net borrowings in the year	**638**	**702**	**(510)**
Opening net borrowings	**(5,539)**	**(6,241)**	**(5,731)**
Closing net borrowings	**(4,901)**	**(5,539)**	**(6,241)**

Analysis of net borrowings

$m	Year ended 31 December 2023	2022	2021
Cash and cash equivalents	244	324	149
Bonds	(3,315)	(4,139)	(4,546)
Subordinated notes	(1,694)	(1,627)	(1,744)
Lease liabilities	(136)	(97)	(100)
Closing net borrowings	**(4,901)**	**(5,539)**	**(6,241)**

27. ASSETS HELD FOR SALE

Following the agreed divestment of the 50 per cent. interest in the unconventional Aguada Federal and Bandurria Norte blocks in Argentina (Segment Latin America) in January 2022, the respective fixed assets were written down to fair value less costs to sell.

The concerned assets and associated liabilities are shown as held for sale as at 31 December 2021:

$m	Year ended 31 December 2021
Assets held for sale	
Oil and gas assets	73
Other receivables (non-current)	36
Other receivables (current)	37
	146
Liabilities directly associated with assets held for sale	
Decommissioning provision	(6)
	(6)

28. RELATED PARTY DISCLOSURES

A related party is a natural person or legal entity that can exert influence on the Target Portfolio or over which the Target Portfolio exercises control, joint control or a significant influence. The Target Portfolio is subject to significant influence from Wintershall Dea AG's shareholders BASF and LetterOne—therefore, BASF and LetterOne and their subsidiaries are considered related parties, in addition related parties also comprise of Wintershall Dea AG and its affiliates that are not in the transaction perimeter.

Revenues with related parties

$m	Year ended 31 December 2023	2022	2021
Ultimate shareholders and their affiliates	304	—	—
Wintershall Dea AG and their affiliates	2,553	3,312	1,140
Total	**2,857**	**3,312**	**1,140**

Financial income/(expenses) with related parties

$m	Year ended 31 December 2023	2022	2021
Ultimate shareholders and their affiliates	—	—	—
Wintershall Dea AG and their affiliates	(194)	(113)	(153)
Total	**(194)**	**(113)**	**(153)**

Revenues, trade accounts receivable and trade accounts payable from related parties comprise transactions mainly in the Target Portfolio's own products, as well as other typical business transactions.

Gas purchases to related parties amounted to $399m for 2023 (2022: $140m; 2021: $66m).

Balance sheet receivables from / payables to related parties

	Year ended 31 December					
	Balance sheet receivables			Balance sheet payables		
$m	2023	2022	2021	2023	2022	2021
Ultimate shareholders and their affiliates	16	—	—	—	—	—
Wintershall Dea AG and their affiliates	259	4,774	4,980	(835)	(2,276)	(1,723)
Cash pooling with Wintershall Dea AG	771	6,201	4,255	—	(1)	(379)
Total	**1,046**	**10,975**	**9,235**	**(835)**	**(2,277)**	**(2,102)**

Please refer to note 16 and note 20 for an understanding of the cash pooling arrangement.

Costs related to key management are incurred in Wintershall Dea AG with part of these costs recharged across the Wintershall Dea AG group (including the Target Portfolio) in the HFI period through an arm's length transfer pricing mechanism. We are unable to quantify the amount of these costs recharged to the Target Portfolio. The additional costs were allocated to the Target Portfolio to meet the requirements of SIR 2000. Refer to note 7.

Certain Wintershall Dea AG head-office costs were recharged across the Wintershall Dea AG group (including the Target Portfolio) in the HFI period though an arm's length transfer pricing mechanism. In this context, costs of $375m, $218m, $242m for 2023, 2022 and 2021, respectively, have been recharged to the Target Portfolio. Some of the costs were capitalized or charged out to the partners. In addition, certain central related party costs were allocated to the Target Portfolio in line with SIR2000. Refer to note 7.

29. THE TARGET PORTFOLIO

See note 2.1 for a complete list of concession producing entities, held at 100 per cent. equity interest. In addition, the Target Portfolio includes a 100 per cent. equity interest in the following entities which do not contain upstream assets:

- Wintershall Dea Global Holding GmbH
- E & A Internationale Explorations- und Produktions -GmbH
- Wintershall Dea Vermögensverwaltungsgesellschaft mbH
- Wintershall Dea Insurance Limited
- Wintershall Dea Nederland B.V.
- Wintershall Global Support B.V.

- Wintershall Dea Carbon Management Solutions B.V.
- DEA E & P GmbH
- DEA Trinidad & Tobago GmbH
- WD México-Alemania S. de R.L. de C.V.
- DEM Mexico Erdoel, S.A.P.I. de C.V.
- Wintershall Dea Mexico Holding B.V.
- Sierra Oil & Gas Holdings, L.P.
- Sierra Oil & Gas, S. de R.L. de C.V.
- Sierra Perote E&P, S. de R.L. de C.V.
- Izta Energia, S. de R.L. de C.V.
- Wintershall Dea Immobilien GmbH & Co. KG
- Wintershall Dea Finance B.V.
- Wintershall Dea TSC GmbH & Co. KG
- Wintershall Dea Technology Ventures GmbH
- Wintershall Dea Finance 2 B.V.
- Wintershall Dea TSC Management GmbH
- Nordkaspische Explorations- und Produktions GmbH
- Wintershall Dea Marketing Services GmbH
- DEA Ukraine LLC i.L.
- Wintershall Dea South East Asia GmbH
- Wintershall DEA Mexico Holdings GP Ltd.

30. **EVENTS AFTER THE REPORTING PERIOD**

There were no material events post the balance sheet date ending 31 December 2023 which impacts the Combined HFI.

PART VII—UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A
ACCOUNTANTS' REPORT IN RESPECT OF THE UNAUDITED PRO FORMA INFORMATION RELATING TO THE ENLARGED GROUP

The Board of Directors
Harbour Energy plc
23 Lower Belgrave Street
SW1W 0NR

12 June 2024

Dear Sirs/Madams

Harbour Energy plc (the "Company")

We report on the pro forma financial information set out in Section B of Part VII of the circular dated 12 June 2024 of the Company (the "**Circular**") (the "**Pro Forma Financial Information**").

This report is required by Listing Rule 13.3.3R and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Circular.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as required by Listing Rule 13.3.3R as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

No reports or opinions have been made by us on any financial information of the Target Portfolio (defined as Wintershall Dea's upstream assets, including those in Norway, Germany, Denmark (excluding the Ravn field), Argentina, Mexico, Egypt, Libya (excluding Wintershall Aktiengesellschaft) and Algeria as well as Wintershall Dea's CO_2 CCS licences in Europe) used in the compilation of the Pro Forma Financial Information. In providing this opinion we are not providing any assurance on any source financial information on which the Pro Forma Financial Information is based beyond the above opinion.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information of the Company used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Preparation

The Pro Forma Financial Information has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the acquisition of the Target Portfolio and associated financing arrangements might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2023.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Yours faithfully

Ernst & Young LLP

SECTION B
UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE ENLARGED GROUP

The following unaudited pro forma statement of net assets and pro forma income statement (the "**unaudited pro forma financial information**") have been prepared to show the effect (1) on the consolidated net assets of Harbour Energy as if the Acquisition, and associated financing arrangements, had occurred on 31 December 2023, and (2) on the consolidated income statement of Harbour Energy as if the Acquisition, and associated financing arrangements, had occurred on 1 January 2023.

The unaudited pro forma financial information has been prepared for illustrative purposes only and, due to its nature, addresses a hypothetical situation and, therefore, the financial position and results included in the unaudited pro forma financial information may differ from Harbour Energy's or the Enlarged Group's actual financial position or results.

The unaudited pro forma financial information has been prepared in accordance with Annex 20 of the UK Prospectus Delegated Regulation, on the basis of the notes to the unaudited pro forma financial information and in a manner consistent with the accounting policies and presentation adopted by Harbour Energy in the audited consolidated financial statements for the year ended 31 December 2023, incorporated by reference into this document, as set out in Part VIII of the Prospectus (*Historical Financial Information relating to Harbour Energy*).

The adjustments in the unaudited pro forma income statement are expected to have a continuing impact on the Enlarged Group, unless stated otherwise.

The unaudited pro forma financial information does not constitute financial statements within the meaning of section 434 of the Act. Shareholders should read the whole of the Circular and not rely solely on the unaudited financial information in this Section B (*Unaudited Pro Forma Financial Information Relating to the Enlarged Group*) of this Part VII (*Unaudited Pro Forma Financial Information*).

Ernst and Young LLP's report on the unaudited pro forma financial information is set out in Section A (*Accountant's report in respect of the unaudited pro forma information relating to the Enlarged Group)* of this Part VII (*Unaudited Pro Forma Financial Information*).

Unaudited Pro Forma Income Statement for the financial year ended 31 December 2023

	Harbour Energy for the year ended 31 December 2023	The Target Portfolio for the year ended 31 December 2023	Adjustments: Transaction costs	Adjustments: Financing adjustments	Adjustments: Subordinated Notes	Pro forma income statement of the Enlarged Group
	Note 1	Note 2	Note 3	Note 5	Note 6	
			$ million			
Revenue	3,715	6,337	—	—	—	10,052
Other income	36	43	—	—	—	79
Revenue and other income	**3,751**	**6,380**	**—**	**—**	**—**	**10,131**
Cost of operations	(2,357)	(3,128)	—	—	—	(5,485)
(Impairment)/impairment reversal of property, plant and equipment	(214)	111	—	—	—	(103)
Impairment of goodwill	(25)	—	—	—	—	(25)
Exploration and evaluation expenses and new ventures	(36)	(78)	—	—	—	(114)
Exploration costs written-off	(57)	(72)	—	—	—	(129)
Gain on disposal	—	(10)	—	—	—	(10)
General and administrative expenses	(149)	(412)	(61)	—	—	(622)
Operating profit/(loss)	**913**	**2,791**	**(61)**	**—**	**—**	**3,643**
Finance income	104	497	—	—	—	601
Finance expenses	(420)	(713)	—	(85)	59	(1,159)
Profit/(loss) before taxation	**597**	**2,575**	**(61)**	**(85)**	**59**	**3,085**
Income tax (expense)/credit	(565)	(2,028)	—	53	—	(2,540)
Profit/(loss) for the year attributable to: equity owners of the company	**32**	**547**	**(61)**	**(32)**	**59**	**545**

Unaudited Pro Forma Statement of Net Assets as at 31 December 2023

	Harbour Energy as at 31 December 2023	The Target Portfolio as at 31 December 2023	Adjustments: Transaction costs	Adjustments: Combination accounting adjustments	Adjustments: Financing adjustments	Adjustments: Subordinated Notes	Pro forma statement of net assets of the Enlarged Group
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
				$ million			
Assets							
Non-current assets							
Goodwill	1,302	2,304	—	3,236	—	(213)	6,629
Other intangible assets	1,172	374	—	—	—	—	1,546
Property, plant and equipment	4,717	10,491	—	—	—	—	15,208
Right-of-use assets	587	131	—	—	—	—	718
Deferred tax assets	7	312	—	—	—	—	319
Other receivables	184	33	—	—	(42)	—	175
Other financial assets	112	134	—	—	—	—	246
Total non-current assets	**8,081**	**13,779**	**—**	**3,236**	**(42)**	(213)	**24,821**
Current assets							
Inventories	200	195	—	—	—	—	395
Trade and other receivables	832	2,082	—	—	(37)	—	2,877
Other financial assets	170	234	—	—	—	—	404
Cash and cash equivalents	280	244	(71)	(2,150)	1,697	—	—
	1,482	2,755	(71)	(2,150)	1,660	—	3,676
Assets held for sale	334	—	—	—	—	—	334
Total current assets	**1,816**	**2,755**	**(71)**	**(2,150)**	**1,660**	—	**4,010**
Total assets	**9,897**	**16,534**	**(71)**	**1,086**	**1,618**	**(213)**	**28,851**

	Harbour Energy as at 31 December 2023	The Target Portfolio as at 31 December 2023	Adjustments: Transaction costs	Adjustments: Combination accounting adjustments	Adjustments: Financing adjustments	Adjustments: Subordinated Notes	Pro forma statement of net assets of the Enlarged Group
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
				$ million			
Liabilities							
Non-current liabilities							
Borrowings	493	4,963	—	—	(6)	(1,694)	3,756
Provisions	3,818	2,238	—	39	—	—	6,095
Deferred tax	1,260	4,641	—	—	—	—	5,901
Trade and other payables	13	27	—	—	—	—	40
Lease creditor	474	107	—	—	—	—	581
Other financial liabilities	87	42	—	—	—	—	129
Total non-current liabilities	**6,145**	**12,018**	**—**	**39**	**(6)**	**(1,694)**	**16,502**
Current liabilities							
Trade and other payables	886	1,642	(10)	—	—	—	2,518
Borrowings	16	46	—	—	1,693	—	1,755
Lease creditor	199	29	—	—	—	—	228
Provisions	230	453	—	—	—	—	683
Current tax liabilities . .	442	1,296	—	—	—	—	1,738
Other financial liabilities	197	258	—	—	—	—	455
	1,970	3,724	(10)	—	1,693	—	7,377
Liabilities directly associated with the assets held for sale	242	—	—	—	—	—	242
Total current liabilities	**2,212**	**3,724**	**(10)**	**—**	**1,693**	**—**	**7,619**
Total liabilities	**8,357**	**15,742**	**(10)**	**39**	**1,687**	**(1,694)**	**24,121**
Net assets	**1,540**	**792**	**(61)**	**1,047**	**(69)**	**1,481**	**4,730**

Notes:

(1) The consolidated income statement and consolidated net assets of Harbour Energy have been extracted, without material adjustment, from the audited consolidated financial statements of Harbour Energy for the year ended 31 December 2023, incorporated by reference into this document, as set out in Part VIII of the Prospectus (*Historical Financial Information relating to Harbour Energy*).

(2) The consolidated income statement and consolidated net assets of the Target Portfolio have been extracted, without material adjustment, from the historical financial information relating to the Target Portfolio for the year ended 31 December 2023, as set out in Part VI of the Circular (*Historical Financial Information relating to the Target Portfolio*).

(3) Total transaction costs are estimated to be $150 million. Of this, $71 million are related to refinancing and have been capitalised as described in note 5. Of the remaining $79 million, $18 million was charged to Harbour Energy income statement in the year ended 31 December 2023, of which $10 million was accrued and $8 million had been paid in cash. The remaining $61 million has been charged to the pro forma income statement within the line item "General and administrative expenses". The transaction costs are assumed to be satisfied in cash. All such costs have been treated as non-deductible for tax purposes. No transaction costs have been allocated against equity for the purposes of this unaudited pro forma financial information as any such allocation would be immaterial. This adjustment will not have a continuing impact.

(4) The adjustments arising as a result of the Acquisition are set out below:

While the Acquisition constitutes a reverse takeover for the purpose of the Listing Rules, the unaudited pro forma financial information has been prepared on the basis that, under IFRS 3 "Business Combinations" guidance, Harbour Energy will be the legal and accounting acquirer and the Target Portfolio will be the legal and accounting acquiree. This is on the basis that Harbour Energy will obtain control over the Target Portfolio through the business combination as a result of the fact that: it is the entity issuing equity and paying cash to effect the business combination; at Completion existing Harbour Energy shareholders will hold a majority of Ordinary Shares; and day-to-day management of the Enlarged Group will be led by existing Harbour Energy personnel, with no change to the executive directorship.

The unaudited pro forma financial information does not reflect any fair value adjustments to the acquired assets and liabilities that may be recognised as part of the purchase price allocation. As such, the fair value measurement of these assets and liabilities will only be performed subsequent to Completion. The fair value adjustments, when finalised, may be material. Were the fair value adjustments to have been reflected in the unaudited pro forma financial information, additional depreciation of property, plant and equipment or amortisation of intangible assets, amongst other things, may have been required.

The excess of consideration over the net assets of the Target Portfolio has, for the purposes of the unaudited pro forma financial information, been allocated entirely to goodwill.

The consideration payable and the calculation of the adjustment to goodwill is set out below:

	Note	$ million
Equity consideration	(i)	3,533
Cash consideration	(ii)	2,150
Contingent consideration	(iii)	39
Less: net assets acquired of the Target Portfolio		(792)
Less: adjustment to net assets relating to Subordinated Notes	(6)	(1,694)
Pro forma adjustment		**3,236**

The consideration is due to be settled as follows:

(i) The equity consideration to be settled in Ordinary Shares of $2,569 million has been calculated based on 669,714,027 BASF Consideration Shares being issued by the Company at a price of £3.03 per share, being the Closing Price of Ordinary Shares as at the Latest Practicable Date and translated at the spot USD/GBP rate on that date of 0.790.

The equity consideration to be settled in Non-Voting Shares of $965 million has been calculated based on 251,488,211 Non-Voting Shares being issued at their fair value, measured in accordance with IFRS 13 "Fair Value Measurement". A binomial lattice valuation methodology has been utilised to determine the fair value of the Non-Voting Shares based on the value of Ordinary Shares with inputs that reflect the different features of these shares. Key assumptions input into the fair value model include: timing and quantum of future dividend payments; estimates of the timing of lifting of relevant sanctions on the minority ultimate beneficial owners of LetterOne; estimated date of conversion to Ordinary Shares under certain conditions; expected volatility of Ordinary Shares; appropriate discount rate; and discount for lack of marketability. The resultant fair value of a Non-Voting Share has been determined to closely approximate that of an Ordinary Share, £3.03 per share, being the Closing Price of Ordinary Shares as at the Latest Practicable Date and translated at the spot USD/GBP rate on that date of 0.790. The fair value of Non-Voting Shares will only be determined at Completion for the purposes of the Enlarged Group's financial statements for the year ended 31 December 2024 and as a result the value calculated at that point may be materially different to that reflected in the pro forma financial information.

(ii) The cash consideration is $2,150 million.

(iii) Contingent consideration of up to a maximum of $300 million may be paid by the Company to BASF and LetterOne over the four years following Completion, conditional upon the average price of Brent oil in certain agreed test periods. Under the terms of the Business Combination Agreement, payments will either be $nil, $30 million or $50 million at each of the six contingent payment test dates, depending on the average price of Brent oil during the relevant test periods. Harbour Energy has estimated the fair value of the contingent consideration at the date of this unaudited pro forma financial information to be $39 million; however the fair value at the point of Completion, and subsequent balance sheet dates, will be assessed at such dates based on future expectations of the Brent oil price at that time. A corresponding provision for the contingent liability has been recognised within non-current liabilities.

(5) Related to the Acquisition, Harbour Energy has secured an underwritten, unsecured bridge facility of $1,500 million (the "**BFA**") and an underwritten, unsecured revolving credit facility of $3,000 million (the "**RCF**"). See paragraph 9.1(H) (Bridge Facility Agreement) and paragraph 9.1(I) (Revolving Credit Facility) of Part VIII (*Additional Information*).

The adjustment to current borrowings in the pro forma statement of net assets in connection with these new facilities is $1,693 million, assuming the BFA is drawn down in full on Completion (for the purpose of cash consideration) and $250 million is drawn under the RCF on Completion (in order to maintain a positive cash position). Note that, at the point of Completion, Harbour Energy does not expect to have to draw on the RCF due to expected generation of cash within the Target Portfolio between 31 December 2023 and the date of Completion. The drawings of $1,750 million are offset by $57 million of capitalised transaction costs. These new facilities replace Harbour Energy's existing reserve base lending facility (the "**RBL Facility**"). See paragraph 9.1(G) of Part VIII (*Additional Information*). There is no adjustment to current borrowings or non-current borrowings in the pro forma statement of net assets in respect of this as the RBL Facility was undrawn at 31 December 2023.

Of the total $71 million transaction costs relating to financing, $18 million was paid in 2023 and is already included in the net assets of Harbour Energy as at 31 December 2023 (within the line item trade and other receivables).

Adjustments to non-current other receivables of $42 million and trade and other receivables of $37 million in the pro forma statement of net assets reflect the derecognition of $61 million of capitalised transaction costs recognised in relation to the RBL Facility and reallocation of the $18 million of transaction costs related to financing which was paid during 2023 from trade and other receivables to current borrowings, offsetting drawings on the BFA and RCF.

The adjustment of $6 million to non-current borrowings in the pro forma statement of net assets represents $14 million of new capitalised transaction costs in respect of the Wintershall Dea Bonds, offset by derecognition of $8 million of capitalised transaction costs included in the net assets of the Target Portfolio as at 31 December 2023.

The adjustment to finance expenses of $85 million in the pro forma income statement represents:

(i) the expensing of existing capitalised transaction costs of $73 million;

(ii) reversal of finance costs (including amortisation of capitalised transaction costs) in respect of the RBL Facility of $113 million, being interest paid on the RBL Facility of $15 million, amortisation of capitalised transaction costs of $46 million and other fees payable in respect of the RBL Facility of $52 million, primarily relating to letters of credit; and

(iii) finance costs in respect of the BFA, RCF and the Wintershall Dea Bonds of $125 million, being amortisation of new capitalised transaction costs of $28 million, interest payable on the drawn BFA of $71 million and other fees in respect of the RCF, primarily relating to letters of credit, of $26 million.

The tax effect of the adjustment to finance expenses has been calculated based on Harbour Energy's accounting policies for taxation and the applicable statutory rates of taxation.

No other adjustments have been recognised in respect of the Wintershall Dea Bonds as the liabilities and finance costs are included in the consolidated net assets and consolidated income statement of the Target Portfolio.

(6) In the consolidated group financial statements of Wintershall Dea for the year ended 31 December 2023, the Subordinated Notes, as included in the Target Portfolio, were classified as a separate component of equity. For the purposes of the Historical Financial Information relating to the Target Portfolio, the Subordinated Notes have been classified as liabilities in line with IAS 32 "Financial Instruments: Presentation" on the basis that the guarantor of the Subordinated Notes, Wintershall Dea, an entity outside the Target Portfolio, controls the actions that may trigger payment of interest and/or principal amounts on the Subordinated Notes, and therefore the cash flows are outside the control of the entities within the perimeter.

On 22 February 2024 the holders of the Subordinated Notes approved a change in guarantor from Wintershall Dea to the Company, which will be effective upon Completion. As a result, Harbour Energy will recognise the Subordinated Notes as a separate component of equity upon Completion as all cash flows relating to the Subordinated Notes will be within the control of Harbour Energy. For more information on the Subordinated Notes, see paragraph 9.2 (Wintershall Dea Subordinated Notes) of Part VIII (*Additional Information*) of this document. The following adjustments have been made to reflect how these instruments will be presented in the Enlarged Group's financial statements from Completion:

(i) the adjustment to non-current borrowings of $1,694 million is to derecognise the Subordinated Notes liability, as presented in the Historical Financial Information relating to the Target Portfolio, with an equivalent amount recognised as a separate component of equity (not shown in the pro forma statement of net assets). The $1,694 million comprises proceeds of $1,758 million less $64 million of accumulated currency effect;

(ii) an associated adjustment to goodwill, representing the difference between the value of the Subordinated Notes as presented in the Historical Financial Information relating to the Target Portfolio (at amortised cost) and the fair value of the notes, which is how they will be valued on acquisition under Harbour Energy's accounting policies, as at the Latest Practicable Date, of $1,481 million. The fair value as of the date of this unaudited pro forma financial information could be materially different to the fair value at Completion; and

(iii) an associated adjustment of $59 million made to finance expenses to reverse the finance costs recognised in the Historical Financial Information relating to the Target Portfolio in respect of the Subordinated Notes. In the Enlarged Group's financial statements from Completion, such amounts will be shown within other comprehensive income (not shown in the pro forma income statement).

(7) In preparing the Unaudited pro forma financial information, no account has been taken of the trading activity of Harbour Energy or the Target Portfolio since 31 December 2023.

PART VIII—ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENTS

1.1 **Directors of the Company**

The Directors of the Company, whose names appear in the Part of this Circular entitled "*Directors, Company Secretary, Registered Office and Advisers*" and the Company, accept responsibility for the information and expressions of opinion contained in this Circular. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 **BASF Responsible Persons**

For the purposes of Rule 19.2 of the Takeover Code only, each of the BASF Responsible Persons whose names appear on page 158 of this document accepts responsibility for the information and expressions of opinion contained in this Circular in relation to BASF and any person acting in concert with it (save for information relating to the Target Company Group). To the best of the knowledge and belief of each of the BASF Responsible Persons (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. FURTHER DISCLOSURE REGARDING CONCERT PARTIES

2.1 **Definitions**

For the purposes of paragraph 2.2 (*Interests of the concert parties in the Company and additional disclosures required by the Takeover Code*) of this Part VIII (*Additional Information*):

(a) "**acting in concert**" with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the Takeover Code and/or the Acquisition;

(b) an "**arrangement**" includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;

(c) "**connected person**" means in relation to any person a person whose interest in shares is one in which the first mentioned person is also taken to be interested in pursuant to Part 22 of the Companies Act 2006

(d) "**control**" means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company, which are exercisable at a general meeting irrespective of whether such interest or interests give *de facto* control;

(e) "**dealing**" or "**dealt**" includes:

(i) acquiring or disposing of relevant securities, the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights allocated to relevant securities or general control of relevant securities;

(ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (be either party) or varying an option (including a traded option contract) in respect of any relevant securities;

(iii) subscribing or agreeing to subscribe for relevant securities (whether in respect of new or existing securities);

(iv) exercising or converting any relevant securities carrying conversion or subscription rights;

(v) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying of, a derivative referenced directly or indirectly, to relevant securities;

(vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities;

(vii) the redemption or purchase of, or taking or exercising an option over, any of its own relevant securities by the offeree company or an offeror; and

(viii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position.

(f) "**derivative**" includes any financial product whose value in whole or in part is determined, directly or indirectly, by reference to the price of an underlying security;

(g) "**disclosure period**" means the period of 12 months ending on the Latest Practicable Date;

(h) being "**interested**" in relevant securities includes where a person (otherwise than through a short position);

(i) owns relevant securities;

(ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attached to the relevant securities or has general control over them;

(iii) by virtue of an agreement to purchase, option or derivative, has the right or option to acquire the relevant securities or call for delivery of them, or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

(iv) is party to any derivative whose value is determined by reference to their price and which results, or may result, in having a long term position in them.

(i) "**relevant securities**" means securities which comprise equity share capital (or derivatives referenced thereto) and securities convertible into rights to subscribe for and options (including traded options) in respect of any such; or

(j) "**short position**" means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, arrangement to sell or any delivery obligation or right to require another person to purchase or take delivery.

2.2 **Interests of the concert parties in the Company and additional disclosures required by the Takeover Code**

At the close of business on the Latest Practicable Date, save as disclosed in this document:

(a) no member of the Concert Parties nor any BASF Director (including any members of such BASF Directors' respective close relatives, related trusts or connected persons), had an interest in or a right to subscribe for, or had any short position in any relevant securities of the Company, nor had any person dealt in such securities during the disclosure period;

(b) no person acting in concert with the members of the Concert Parties, nor any person with whom any member of the Concert Parties has an arrangement, had any interest in or a right to subscribe for, or had any short position in relation to, any relevant securities of the Company, nor had any such person dealt in any such securities during the disclosure period;

(c) no member of the Concert Parties nor any person acting in concert with them had borrowed or lent any relevant securities of the Company, save for any borrowed shares which have either been on-lend or sold;

(d) none of Company or the Directors (including any members of such Directors' respective close relatives, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant securities of BASF and BASF TopCo;

(e) no person acting in concert with the Company, nor any person with whom the Company has an arrangement, had any interest in, or right to subscribe for, or had any short position in relation to any relevant securities of the Company;

(f) other than as set out in paragraph 5 (*Interests of the Company's Directors*) of this Part VIII (*Additional Information*) below, neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to any relevant securities of the Company, nor has any such person dealt in any such securities during the disclosure period;

(g) there were no arrangements which existed between the Company or any person acting in concert with the Company or any other person;

(h) neither the Company nor any person acting in concert with the Company had borrowed or lent any relevant securities of the Company, save for any borrowed shares which have either been on-lent or sold;

(i) no member of the Concert Parties nor any person acting in concert with them has entered into an agreement, arrangement or understanding (including any compensation arrangement) with any of the Directors, recent directors, Shareholders, recent Shareholders or any other person interested or recently interested in Ordinary Shares which are connected with or dependent upon the outcome of the Acquisition or the Rule 9 Waiver;

(j) no member of the Concert Parties has entered into agreement, arrangement or understanding to transfer any interest acquired in the Company, pursuant to the Acquisition and the Rule 9 Waiver.

3. DETAILS OF THE COMPANY

3.1 The Company was incorporated and registered in Scotland on 31 July 2002 with registered number SC234781 as a private limited company under the Companies Act 1985 with the name Dalgen (No.836) Limited. On 10 March 2003, the Company was re- registered as a public company and changed its name to Premier Oil Group plc. Premier Oil Group plc changed its name to Premier Oil plc on 15 July 2003. Following the completion of the all-share merger of Chrysaor Holdings Ltd and Premier Oil plc, the name of the Company was changed from Premier Oil plc to Harbour Energy plc with effect from 31 March 2021.

3.2 The principal legislation under which the Company operates is the Companies Act and regulations made thereunder.

3.3 The registered office of the Company is at 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN, United Kingdom and head office of the Company is at Harbour Energy plc, 23 Lower Belgrave Street, London SW1W 0NR, United Kingdom.

3.4 The telephone number of the Company is +44 20 7730 1111.

3.5 The legal entity identifier of the Company is 213800YPC42DYBKVPF97.

3.6 The website of the Company is www.harbourenergy.com. The contents of the Company's website does not form part of this Circular.

4. DETAILS OF THE NEW SHARES TO BE ISSUED

4.1 Description and type of securities

The Consideration Shares will be issued credited and fully paid with a nominal value of 0.002 pence.

Immediately following Admission it is expected that the Company will have 1,440,091,739 fully paid Ordinary Shares of 0.002 pence each in issue (none of which will be held in treasury) with an aggregate nominal value of £28,801.78.

If Admission occurs, it will result in the allotment and issue of 669,714,027 BASF Consideration Shares and 251,488,211 Non-Voting Shares. Existing Shareholders will suffer an immediate dilution as a result of Admission, following which they will hold approximately 53.5 per cent. of the enlarged ordinary share capital of the Company. If the Non-Voting Shares were to be converted into Ordinary Shares, the Company's current shareholders would own 45.5 per cent. of the Company; BASF and LetterOne would own 39.6 per cent. and 14.9 per cent., respectively.

4.2 Legislation under which the Consideration Shares will be created

The Consideration Shares will be created under the Companies Act.

4.3 Rights attaching to BASF Consideration Shares

(a) Income

Upon Admission, the BASF Consideration Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid on the ordinary share capital of the Company with a record date on or after the date of allotment.

(b) *Listing*

Applications will be made to the FCA for the Ordinary Shares to be readmitted to the premium listing segment of the Official List (or the segment of the Official List for ESCCs, if applicable at the time of application) and to the London Stock Exchange for the Ordinary Shares to be readmitted to trading on the London Stock Exchange's main market for listed securities. Applications will also be made to the FCA for the BASF Consideration Shares to be admitted to the premium listing segment of the Official List of the FCA (or the segment of the Official List for ESCCs, if applicable at the time of application) and to the London Stock Exchange for the BASF Consideration Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that Readmission and Admission will become effective, and that dealings in the Ordinary Shares and the BASF Consideration Shares will commence, as soon as reasonably practicable once all the Conditions to Completion (as defined below) have been satisfied, which is currently expected to be in Q4 2024. Admission to trading of the Ordinary Shares and the BASF Consideration Shares is not being sought on any stock exchange other than the London Stock Exchange.

When admitted to trading, the BASF Consideration Shares will be registered with ISIN GB00BMBVGQ36. The BASF Consideration Shares will trade under ticker symbol "**HBR**".

(c) *Form and currency*

The BASF Consideration Shares will be issued in registered form and will be capable of being held in certificated and uncertificated form.

Title to the certificated BASF Consideration Shares will be evidenced by entry in the register of members of the Company and title to uncertificated BASF Consideration Shares will be evidenced by entry in the operator register maintained by the Euroclear (which forms part of the register of members of the Company). The Registrar of the Company is Equiniti Limited.

No share certificates will be issued in respect of the BASF Consideration Shares in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those BASF Consideration Shares in accordance with the Articles and applicable legislation.

It is expected that the BASF Consideration Shares when allotted and issued, will be capable of being held and transferred by means of CREST.

The Existing Ordinary Shares are priced in pounds sterling, and the BASF Consideration Shares will be quoted and traded in pounds sterling.

(d) **Dates of issues and settlement**

The BASF Consideration Shares are expected to be issued on date of Completion, which is expected to occur in Q4 of 2024, and those entitled to the BASF Consideration Shares are expected to be entered on the Company's register of members on that day.

(e) **Description of restrictions on free transferability**

Save as set out below, the Existing Ordinary Shares are, and the BASF Consideration Shares will be, freely transferable and there are no restrictions on transfer in the United Kingdom.

The Company may, under the Articles of Association and the Companies Acts, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest and the extent of their interest in a particular holding of shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, the Company can apply to the Court for an order directing, amongst other things, that any transfer of the shares which are the subject of the statutory notice is void.

The Directors may also, without giving any reason, refuse to register the transfer of any Ordinary Shares which are not fully paid as described more fully in paragraph 6.7 (*Transfer of Shares*) in Part XIV (*Additional Information*) of the Prospectus.

4.4 **Rights attaching to Non-Voting Shares**

(a) General

A summary of the rights attaching to the Non-Voting Shares is set out below. The rights and restrictions attaching to the Non-Voting Shares are set out in full in the Annex to the Notice of General Meeting set out in Part X (*Notice of General Meeting*) of this document.

(b) Income

Each Non-Voting Share will be entitled to receive an amount equal to a 13 per cent. premium to the amount of any distribution per Ordinary Share made by the Company, whether by cash dividend, dividend *in specie*, scrip dividend, capitalisation issue or otherwise. Any amount due in relation to Non-Voting Shares that are held by a sanctioned person will be, subject to applicable law, held on trust for any such holder until such time as they are no longer subject to relevant sanctions restrictions.

(c) Voting

Non-Voting Shareholders will not be entitled to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting, unless the business of the meeting includes the consideration of a resolution to: (i) wind up the Company; or (ii) re-register the Company as a private company.

In circumstances where a Non-Voting Shareholder can vote, such Non-Voting Shareholder will be entitled to: (i) on a poll, one vote for each Ordinary Share that would be held by the Non-Voting Shareholder following conversion of the Non-Voting Shares in accordance with their terms; and (ii) on a show of hands one vote per resolution proposed.

(d) Class Rights

Any variation of the rights attaching to the Non-Voting Shares will require the sanction of a special resolution of the Non-Voting Shareholders. All the provisions of the Articles as to general meetings of the Company will apply to a general meeting where any such special resolution is proposed, except that the necessary quorum will be the holders of the Non-Voting Shares (representing more than 50 per cent. of the Non-Voting Shares) present in person or by proxy or (being a corporation) by a duly authorised representative. For these purposes, one holder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting.

(e) Conversion

A Non-Voting Shareholder will be entitled to require the Company, by delivery of a conversion notice, to convert at least 25,000,000 Non-Voting Shares (and if less than 25,000,000 Non-Voting Shares remain in issue, then all the remaining Non-Voting Shares) either: (i) in conjunction with the sale of Non-Voting Shares to market sale placees ("**Market Sale Placees**") which upon completion of such sale will be redesignated as Ordinary Shares; or (ii) following the satisfaction of the Conversion Conditions.

The Non-Voting Shares will be convertible to Ordinary Shares on a one for one basis except that following any allotment or issue of Ordinary Shares by way of capitalisation of profits or reserves or any sub-division or consolidation of Ordinary Shares by the Company (an "**Adjustment Event**"), the Non-Voting Shares will convert into such number of Ordinary Shares and the Non-Voting Shareholder will receive the same proportion of voting rights and entitlement to participate in distributions of the Company, as nearly as practicable, as would have been the case had no Adjustment Event occurred (the "**Conversion Ratio**").

If the conversion of the Non-Voting Shares can be implemented without publication of a prospectus by the Company, the relevant Non-Voting Shares will automatically convert into Ordinary Shares on the date falling three business days after the receipt by the Company of a conversion notice from the Non-Voting Shareholder except that in the case of a market sale, the conversion will take place at the same time as the transfer to the relevant Market Sale Placee. The Company will then be required to procure that such Ordinary Shares are admitted to the premium listing segment of the Official List (or the segment of the Official List for ESCCs if such new listing segment as contemplated in FCA

Consultation Paper CP23/31 has been implemented by the FCA and taken effect at the relevant time) and to trading on the London Stock Exchange's main market for listed securities.

If the conversion of the Non-Voting Shares requires the publication of a prospectus by the Company, the Company will be required to prepare a prospectus and obtain approval of the prospectus by the FCA as soon as reasonably practicable (and, in any event, by no later than eight weeks) following receipt by the Company of a conversion notice. The Non-Voting Shares will automatically convert into Ordinary Shares on the date of publication of the prospectus except that in the case of a market sale, the conversion will take place at the same time as transfer to the relevant Market Sale Placee. The Company will then be required to procure promptly (and in any event within 10 business days) following receipt of approval of the prospectus from the FCA that such Ordinary Shares are admitted to the premium listing segment of the Official List (or the segment of the Official List of ESCCs if such new listing category as contemplated in FCA Consultation Paper CP23/31 has been implemented by the FCA and taken effect at the relevant time) and to trading on the London Stock Exchange's main market for listed securities.

The Company will also be required to procure that the Non-Voting Shares automatically convert into Ordinary Shares, following:

- the cancellation of listing of the Ordinary Shares on the Official List and the trading of the Ordinary Shares on the main market for listed securities of the London Stock Exchange; and
- subject to certain exceptions, the acquisition of more than 50 per cent. of the voting rights exercisable by members of the Company on a poll in a general meeting by any person (other than the Non-Voting Shareholder and any person acting in concert with it), **provided that** the holders of Ordinary Shares resulting from the conversion of the Non-Voting Shares will be entitled to the same rights and receive the same consideration as other holders of Ordinary Shares,

except that if the Non-Voting Shareholder is subject to certain sanctions restrictions the Company will be required to procure, subject to applicable law, that any distribution that otherwise would have been due to the sanctioned Non-Voting Shareholder is held on trust until such time as it is no longer subject to such sanctions restrictions. In any other circumstances, the Non-Voting Shareholder will be entitled to receive an instrument of equivalent value and with equivalent economic, governance and other rights (including rights on a liquidation or winding up) as each Non-Voting Share.

(f) Liquidation

On any liquidation or winding up, each Non-Voting Share will be entitled to a preference amount, such that if the assets of the Company remaining after payments of its liabilities (the "**Distribution Amount**") is less than the total outstanding preference amount with respect to the Non-Voting Shares, then the Distribution Amount will be applied in priority to any holders of other shares in the Company to paying an amount to Non-Voting Shareholders.

If the Distribution Amount is greater than the total outstanding preference amount for the Non-Voting Shares, each Non-Voting Share will be entitled to an amount equal to the higher of: (i) the preference amount; and (ii) an amount equal to the Distribution Amount divided by the fully diluted share capital of the Company and multiplied by the Conversion Ratio **provided that** no payment will be made in respect of any share that is not a Non-Voting Share until the amount due to the Non-Voting Shareholders has been paid in full.

(g) Transfer / Listing

The Non-Voting Shares will not be admitted to listing or trading and will only be capable of being held in certificated form. At the appropriate time, an application will be made for any Ordinary Shares arising on conversion of the Non-Voting Shares to be admitted to the premium listing segment of the Official List (or the segment of the Official List of ESCCs if such new listing category as contemplated in FCA Consultation Paper CP23/31 has been implemented by the FCA and taken effect at the relevant time) and to trading on the London Stock Exchange's main market for listed Securities on or shortly after conversion.

The Non-Voting Shares may be transferred by LetterOne to certain permitted transferees, in certain cases only with the consent of the Company and in accordance with the terms of the Non-Voting Shares.

5. INTERESTS OF THE COMPANY'S DIRECTORS

5.1 Interests in the Existing Ordinary Shares

The table below sets out the interests of the Directors and the Senior Managers (all of which are beneficial and include interests of persons connected to them) in the share capital of the Company at the Latest Practicable Date:

Name	As at the Latest Practicable Date		Immediately following Completion	
	Number of Ordinary Shares	Percentage of Ordinary Shares	Number of Ordinary Shares	Percentage of Ordinary Shares(1)
Directors				
R. Blair Thomas	4,534,797(2)	0.5886	4,534,797(2)	0.3149
Linda Z. Cook	8,875,490(3)	1.1521	8,875,490(3)	0.6163
Alexander Krane	149,507	0.0194	149,507	0.0104
Simon Henry	20,000	0.0026	20,000	0.0014
Belgacem Chariag	—	—	—	—
Alan Ferguson	24,203(4)	0.0031	24,203(4)	0.0017
Andy Hopwood	10,000	0.0013	10,000	0.0007
Louise Hough	6,800	0.0009	6,800	0.0005
Margareth Øvrum	8,500	0.0011	8,500	0.0006
Anne L. Stevens	30,000	0.0039	30,000	0.0021
Senior Managers				
Scott Barr	3,039	0.0004	3,039	0.0002
Philip Whittaker	—	—	—	—
Howard Landes	15,977	0.0021	15,977	0.0011
Steven Cox	13,388	0.0017	13,388	0.0009
Gill Riggs	21,058	0.0027	21,058	0.0015
Gustavo Baquero	—	—	—	—

Notes

(1) Assumes that no further issues of Ordinary Shares occur between the Latest Practicable Date and Admission.

(2) R. Blair Thomas is indirectly interested in 1.07 per cent. of the Company's Ordinary Shares through his interest in certain EIG-managed entities.

(3) Number of Ordinary Shares held by Linda Z. Cook includes 7,144,646 Ordinary Shares held by her spouse, Mr Steven R. Cook.

(4) Number of Ordinary Shares held by Alan Ferguson includes 4,261 Ordinary Shares held by his spouse, Mrs Sarah Ferguson.

6. DETAILS OF MAJOR SHAREHOLDERS OF THE COMPANY

As at the Latest Practicable Date, the Company had received notification, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, that the following persons are directly or indirectly interested in 3 per cent. or more of the voting rights in the Ordinary Shares:

Name	Number of Ordinary Shares as at the Latest Practicable Date	Percent age of Ordinary Shares as at the Latest Practicable Date(%)	Number of Ordinary Shares as at Admission(1)	Percentage of ordinary share capital as at Admission(1)	Number of Ordinary Shares upon conversion of all Non-Voting Shares(2)	Percentage of Ordinary Shares upon conversion of all Non-Voting Shares(2)
EIG Asset Management, LLC	134,281,887	16.74	134,281,887	9.32	134,281,887	7.94
Control Empresarial de Capitales	54,901,500	7.13	54,901,500	3.81	54,901,500	3.25
Bank of America Corporation	26,720,962	3.47	26,720,962	1.86	26,720,962	1.58

Notes

(1) This assumes that no further issues of Ordinary Shares occur between the Latest Practicable Date and Admission other than the issue of the BASF Consideration Shares.

(2) Assuming conversion of all Non-Voting Shares and no further issues of Ordinary Shares occur between the Latest Practicable Date and the date of conversion of the Non-Voting Shares other than the issue of the BASF Consideration Shares.

Save as disclosed above, the Company is not aware of any person who, as at the Latest Practicable Date, directly or indirectly, has a holding of Ordinary Shares which is notifiable under English law.

7. DETAILS OF TERMS OF APPOINTMENT FOR COMPANY'S DIRECTORS

Details of the Executive Directors' service contracts and the Non-Executive Directors' letters of appointment providing for benefits upon termination of employment are set out at pages 92 to 93 of the 2023 Annual Report.

8. IRREVOCABLE UNDERTAKINGS

8.1 Directors

The following Directors of the Company and certain of their connected persons have provided irrevocable undertakings in favour of the Company, BASF, BASF TopCo, LetterOne and LetterOne TopCo, to vote in favour of the Resolutions to be proposed at the General Meeting in their capacity as Shareholders. These irrevocable undertakings cover, in aggregate, approximately 1.77 per cent. of the Company's total issued Ordinary Share capital as at the Latest Practicable Date.

	As at the Latest Practicable Date	
	Number of Ordinary Shares held	**Percentage of issued Ordinary Share capital of the Company**
R. Blair Thomas	4,534,797[(1)]	0.5886
Linda Z. Cook	1,730,844	0.2247
Alexander Krane	149,507	0.0194
Simon Henry	20,000	0.0026
Margareth Øvrum	8,500	0.0011
Alan Ferguson	19,942	0.0026
Andy Hopwood	10,000	0.0013
Anne L. Stevens	30,000	0.0039
Louise Hough	6,800	0.0009
Steven R. Cook	7,144,646[(2)]	0.9274

Notes

(1) In addition, Mr Thomas is indirectly interested in 1.07 per cent. of the Company's Ordinary Shares through his interest in certain EIG-managed entities.

(2) Mr Steven R. Cook is the spouse of Ms Linda Z. Cook.

The irrevocable undertakings referred to in this paragraph 8.1 cease to be binding on the earlier of the following occurrences: (i) the Business Combination Agreement is terminated in accordance with its terms; (ii) Completion occurs in accordance with the terms of the Business Combination Agreement; or (iii) the Acquisition has not become effective by 23:59 on the Longstop Date.

8.2 Shareholders

In addition, EIG Asset Management LLC, EIG Separate Investments (Cayman) LP, Potomac View Investments LP, Control Empresarial de Capitales, S.A. de C.V., Fortress, Schroders Investment Management Limited, San Bernardino County Employees' Retirement Association, Clareant SCF S.à.r.l., Cetus Capital III, LP, Cetus Capital VI, LP, Littlejohn Opportunities Master Fund LP, OFM II, LP and VSS Fund, LP have each irrevocably undertaken to vote in favour of the Resolutions to be proposed at the General Meeting in respect of their holdings of Ordinary Shares as set out below. These irrevocable undertakings cover, in aggregate, approximately 30.34 per cent. of the Company's total issued Ordinary Share capital as at the Latest Practicable Date.

	Number of Ordinary Shares held[18]	As at the Latest Practicable Date: Percentage of issued Ordinary Share capital of the Company (%)
EIG Asset Management LLC	19,925	0.0026
EIG Separate Investments (Cayman) LP	14,853,009	1.9280
Potomac View Investments LP	114,775,572	14.8986
Control Empresarial de Capitales, S.A. de C.V.	62,094,730	8.0603
Fortress	18,942,627	2.4589
Schroders Investment Management Limited.	7,477,243	0.9706
San Bernardino County Employees' Retirement Association	1,426,236	0.1851
Clareant SCF S.à.r.l	5,928,636	0.7696
Cetus Capital III, LP	855,050	0.1110
Cetus Capital VI, LP	3,022,153	0.3923
Littlejohn Opportunities Master Fund LP	869,297	0.1128
OFM II, LP	2,959,180	0.3841
VSS Fund, LP	544,833	0.0707

The irrevocable undertakings referred to in this paragraph 8.2 cease to be binding on the earlier of the following occurrences: (i) the Business Combination Agreement is terminated in accordance with its terms; (ii) Completion occurs in accordance with the terms of the Business Combination Agreement; or (iii) the Acquisition has not become effective by 23:59 on the Longstop Date. In addition, the irrevocable undertaking provided by Fortress will cease to be binding at 23:59 on 31 December 2024 in the event that the Resolutions have not been approved at the General Meeting.

9. MATERIAL CONTRACTS

9.1 Harbour Energy

In addition to the Business Combination Agreement, which has been summarised in paragraph 4 (*Terms of Acquisition*) of Part I (*Letter from the Chair of Harbour Energy plc to Shareholders*) and Part IV (*Terms and Conditions of the Acquisition*) of this document, a summary of all other contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company or another Harbour Energy entity either: (i) within the period of two years immediately preceding the date of this document which are or may be material to Harbour Energy; or (ii) which contain any provisions under which any Harbour Energy entity has any obligation or entitlement which is or may be material to Harbour Energy as at the date of this document, is set out below.

(A) **BASF Relationship Agreement**

A relationship agreement to be entered into between the Company and BASF (the "**BASF Relationship Agreement**") will take effect on Admission and will remain in full force and effect unless and until BASF and its associates cease to own at least 10 per cent. of the Ordinary Shares. BASF may terminate the BASF Relationship Agreement in certain circumstances, including where the Ordinary Shares cease to be admitted to trading on the London Stock Exchange's main market for listed securities.

The BASF Relationship Agreement provides, in accordance with Listing Rule 6.5.4, that:

(a) all transactions, arrangements and relationships between the Company or any other member of Harbour Energy on the one hand and BASF or any of its associates on the other hand shall be conducted at arm's length and on normal commercial terms;

(b) BASF shall not (and shall procure that its associates will not) take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and

18 The figures in this column refer to the total number of Ordinary Shares held by the relevant Shareholder and which are subject to the relevant irrevocable undertaking as at the Latest Practicable Date. The irrevocable undertakings entered into by the Shareholders listed in paragraph 8.2 of this Part VIII (*Additional Information*) do not contain restrictions on the disposal, transfer or other dealings in Ordinary Shares, therefore the number of Ordinary Shares in respect of which a Shareholder votes in favour of the Resolutions to be proposed at the General Meeting may differ from the number of Ordinary Shares set out in this column.

(c) BASF shall not (and shall procure that its associates will not) propose or procure the proposal of a shareholder resolution of the Company which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Furthermore, under the BASF Relationship Agreement, BASF undertakes that it shall not (and shall procure that its associates will not):

(a) exercise any of its voting rights in the Company in a way that would be inconsistent with, or breach any of the provisions of, the BASF Relationship Agreement;

(b) influence the day-to-day running of the Company at an operational level and shall allow the Company to operate on an independent basis; and

(c) act in a manner which would be inconsistent with the independence of the Board being maintained in accordance with the rules of the London Stock Exchange or the FCA applicable to the Company, including the Listing Rules.

Director appointment rights

Pursuant to the BASF Relationship Agreement, BASF will be entitled to nominate two non-executive directors to the Board for so long as it (together with any of its associates) holds 25 per cent. or more of the Ordinary Shares, and will be able to appoint one non-executive director to the Board for so long as it (together with any of its associates) holds 10 per cent. or more, but less than 25 per cent. of the Ordinary Shares, provided in each case that BASF will be required to take into account certain factors and consult with the Chair and the Nomination Committee before nominating a director.

Cooperation and information rights

The BASF Relationship Agreement provides that subject to applicable law, BASF will have the opportunity on a quarterly basis to meet with the Chief Executive Officer, the Chief Financial Officer and/or the Chair of the Company to discuss the performance of the Company. In addition, BASF will also have certain information rights for the purposes of its tax or other legal or regulatory requirements. The information received by BASF under the BASF Relationship Agreement is subject to customary confidentiality undertakings.

Pursuant to the BASF Relationship Agreement, the Company is also required to provide, subject to certain limitations and exceptions, reasonable cooperation and assistance to BASF in the event of an offering of the Ordinary Shares held by BASF and BASF will pay and reimburse the Company for all reasonable out-of-pocket costs and expenses incurred by the Company in connection with such cooperation and assistance.

(B) **LetterOne Relationship Agreement**

A relationship agreement to be entered into between the Company and LetterOne (the "**LetterOne Relationship Agreement**") will take effect on Admission and will remain in full force and effect unless and until LetterOne and its associates cease to own Ordinary Shares or Non-Voting Shares representing (in the case of Non-Voting Shares assuming conversion at the applicable conversion rate) in aggregate, at least 10 per cent. of the Ordinary Shares. LetterOne may terminate the LetterOne Relationship Agreement in certain circumstances, including where the Ordinary Shares cease to be admitted to trading on the London Stock Exchange's main market for listed securities.

The LetterOne Relationship Agreement provides, that from the date on which LetterOne (together with its associates) holds 10 per cent. or more of the Ordinary Shares (the "**LetterOne Effective Date**"), in accordance with Listing Rule 6.5.4:

(a) all transactions, arrangements and relationships between the Company or any other member of Harbour Energy on the one hand and LetterOne or any of its associates on the other hand shall be conducted at arm's length and on normal commercial terms;

(b) LetterOne shall not (and shall procure that its associates will not) take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and

(c) LetterOne shall not (and shall procure that its associates will not) propose or procure the proposal of a shareholder resolution of the Company which is intended or appears to be intended to circumvent the proper application of the Listing Rules;

Furthermore, under the LetterOne Relationship Agreement, LetterOne undertakes that it shall not (and shall procure that its associates will not)

(a) exercise any of its voting rights in the Company in a way that would breach any of the provisions of the LetterOne Relationship Agreement;

(b) influence the day-to-day running of the Company at an operational level and shall allow the Company to operate on an independent basis; and

(c) act in a manner which would be inconsistent with the independence of the Board being maintained in accordance with the rules of the London Stock Exchange or the FCA applicable to the Company, including the Listing Rules.

Director appointment rights

Pursuant to the LetterOne Relationship Agreement, LetterOne will be entitled to nominate two non-executive directors to the Board for so long as it (together with any of its associates) holds 25 per cent. or more of the Ordinary Shares, and will be able to appoint one non-executive director to the Board for so long as it (together with any of its associates) holds 10 per cent. or more, but less than 25 per cent. of the Ordinary Shares, provided in each case that LetterOne will be required to take into account certain factors and consult with the Chair and the Nomination Committee before nominating a director.

LetterOne will not have any rights to nominate non-executive directors on Completion because (i) the right to nominate non-executive directors is dependent on percentage of Ordinary Shares (instead of Non-Voting Shares) held by LetterOne and its associates; and (ii) as part of the consideration for the Acquisition, on Completion the Company will issue and allot Non-Voting Shares to LetterOne and hence LetterOne will not hold any Ordinary Shares on Completion.

Cooperation, information rights and other provisions

The LetterOne Relationship Agreement provides that from the LetterOne Effective Date or for so long as LetterOne (together with its associates) holds Non-Voting Shares which if converted would represent at least 10 per cent. of the Ordinary Shares and, subject to applicable law, LetterOne will have the opportunity on a quarterly basis to meet with the Chief Executive Officer, the Chief Financial Officer and/or the Chair of the Company to discuss the performance of the Company. In addition, from the LetterOne Effective Date, LetterOne will also have certain information rights for the purposes of its tax or other legal or regulatory requirements. The information received by LetterOne under the LetterOne Relationship Agreement is subject to customary confidentiality undertakings.

Pursuant to the LetterOne Relationship Agreement, the Company is also required to provide, subject to certain limitations and exceptions, reasonable cooperation and assistance to LetterOne in the event of an offering of any Ordinary Shares held by LetterOne and LetterOne will pay and reimburse the Company for all reasonable out-of-pocket costs and expenses incurred by the Company in connection with such cooperation and assistance.

The holders of Non-Voting Shares, subject to compliance with certain economic sanctions law, will be entitled to participate in all new issuances of Ordinary Shares or other securities in proportion to their existing holdings on a pro-rata basis **provided that** the holders of Non-Voting Shares, instead of subscribing for Ordinary Shares or other securities, subscribe for Non-Voting Shares representing their entitlement to Ordinary Shares (calculated by reference to the applicable conversion ratio at the time of issuance of new Ordinary Shares) ("**Pro-Rata Basis**"). The holders of Non-Voting Shares shall also be entitled to participate in purchases by the Company of its own securities or other returns of capital on a Pro-Rata Basis (all such participation rights being, the "**Participation Rights**").

In addition, the LetterOne Relationship Agreement provides that until the first annual general meeting of the Company following satisfaction of the relevant conditions to conversion, the Company undertakes that at each annual general meeting of the Company at which an on-market buy-back resolution is proposed to the holders of Ordinary Shares seeking authority to for the Company to purchase Ordinary Shares, the Company will also propose an inter-conditional off-market buy-back resolution seeking authority to purchase Non-Voting Shares on a pro-rata basis (the "**Buyback Rights**").

The Participation Rights and the Buyback Rights will survive the termination of the LetterOne Relationship Agreement for so long as (i) there are Non-Voting Shares in issuance and (ii) LetterOne (together with its associates) holds at least 25,000,000 Non-Voting Shares.

(C) **BASF Lock-Up Agreement**

In accordance with the Business Combination Agreement, BASF and the Company will enter into a lock-up agreement at Completion which will take effect on Admission whereby BASF undertakes that it will not sell its Ordinary Shares for a period of six months following Completion subject to customary exceptions.

(D) **LetterOne Lock-Up Agreement**

In accordance with the Business Combination Agreement, LetterOne and the Company will also enter into a lock-up agreement at Completion which will take effect on Admission whereby LetterOne undertakes that, in the event that LetterOne converts its Non-Voting Shares into Ordinary Shares, it will not sell its Ordinary Shares for a period of six months following Completion subject to customary exceptions.

(E) **LetterOne Standstill Agreement**

In accordance with the Business Combination Agreement, the Company and LetterOne will enter into a standstill agreement at Completion whereby LetterOne undertakes that it will not and will procure that its associates and concert parties (excluding BASF entities) will not, directly or indirectly, among other things:

(a) acquire or make an offer for Ordinary Shares for a period of six months following Completion subject to customary exceptions; and

(b) hold in aggregate more than (i) 19.99 per cent. of the issued Ordinary Share capital of the Company or (ii) 5 per cent. of the issued Ordinary Shares (on a fully diluted basis) for the period commencing on Completion and ending on the first date on which both (x) none of the (direct or indirect) shareholders of LetterOne is subject to certain sanctions restrictions; and (y) LetterOne is not subject to certain sanctions restrictions (as is currently the case).

(F) **Sponsor's Agreement**

In connection with the Acquisition, the Company and the Sponsor entered into a sponsor's agreement on or around the date of this Circular (the "**Sponsor's Agreement**"), pursuant to which the Company appointed Barclays as sole sponsor in connection with the Acquisition, the production and publication of this Circular and the Prospectus and Admission.

Under the Sponsor's Agreement, the Sponsor has been granted all powers, authorities and discretions which are necessary for or incidental to the performance of their responsibilities as sponsor under the Listing Rules. The Company has agreed to deliver certain documents to the Sponsor relating to the Acquisition, the Circular, the Prospectus and the Sponsor's responsibilities under the Listing Rules. The Company has given customary representations, warranties (including certain warranties in respect of the Target Portfolio), undertakings and indemnities to the Sponsor.

The Sponsor has the right to terminate the Sponsor's Agreement in certain circumstances prior to Admission. These circumstances include (amongst others): (i) where any statement in this document and certain associated documents and announcements is or has become untrue, inaccurate or misleading; and (ii) the breach by the Company of any of the warranties or undertakings contained in the Sponsor's Agreement, in each case in a manner which the Sponsor considers (acting in good faith) is material in the context of the Enlarged Group, the Acquisition or the Admission. The Company has agreed to bear all of the Sponsor's fees, costs, charges and expenses of, or which are incidental to the Acquisition, including without limitation, the fees and expenses of its professional advisers, the costs of preparation, printing and distribution of this document and all other documents in connection with the Acquisition; and any CREST charges and the fees of the FCA and London Stock Exchange.

(G) **Reserve Base Lending Facility**

Overview

On 23 November 2023, the Company and certain of its subsidiaries entered into an amendment and restatement agreement with, among others, DNB Bank ASA, London Branch as facility agent, which amended and restated the senior secured revolving borrowing base facility agreement which was originally entered into on 30 January 2017 and as amended and restated from time to time and pursuant to which an up to US$2,750,000,000 reserve-based lending facility (the "**RBL Facility**") is made available by the lenders thereunder. The facility commitments are subject to incremental step downs until the maturity date.

The RBL Facility includes a letter of credit sub-limit of up to US$1,750,000,000 and a separate accordion facility of up to US$1,000,000,000 (which would increase the total aggregate commitments up to US$3,750,000,000) subject to satisfaction of certain conditions set out in the applicable accordion provisions contained in the RBL Facility. The maximum available amount under the RBL Facility will be an amount equal to the lower of the aggregate total commitments under the facility (being US$2,750,000,000 as at the effective date of the amendment and restatement agreement) and the borrowing base amount. The borrowing base amount of the RBL Facility will be based on Harbour Energy's reserves, in particular the reserves of specific nominated borrowing base assets. The RBL Facility is what is known as a net present value facility, with the borrowing base amounts based on the expected net present value of future cash flows from the borrowing base assets, taking into account, among other things, the 2P and 1P reserves relating to the borrowing base assets, production profiles and cost and operating expenditure profiles for such borrowing base assets. The borrowing base amount is determined at least once a year.

Security

The RBL Facility is secured by (i) share charges, debentures, charges over certain bank accounts and assignment agreements governed by English law; (ii) share pledges and bonds and floating charges governed by Scottish law; (iii) share charges governed by Dutch law; and (iv) bank account pledges and a fiduciary assignment of receivables governed by Indonesian law.

Repayment and maturity

The final maturity date of the RBL Facility is 31 December 2029. If, however, the remaining reserves attributable to Harbour Energy's borrowing base assets are forecast to amount to 25 per cent. or less than Harbour Energy's revised approach reserves (as may be subsequently revised), the RBL Facility will mature on the last day of the relevant calculation period.

Total aggregate commitments under the RBL Facility will reduce to US$2,444,444,444.44 on 1 January 2026, to US$2,138,888,888.89 on 1 July 2026, to US$1,833,333,333.33 on 1 January 2027, to US$1,527,777,777.78 on 1 July 2027, to US$1,222,222,222.22 on 1 January 2028, to US$916,666,666.67 on 1 July 2028, to US$611,111,111.11 on 1 January 2029 and to US$305,555,555.56 on 1 July 2029.

It is anticipated that the RBL will be refinanced and replaced by the RCF (as defined below) in full on Completion.

Interest and fees

The rate of interest payable on loans under the RBL Facility is the rate per annum equal to the aggregate of the applicable margin plus the relevant compounded rate for the currency of the loan (SONIA for Sterling and SOFR for U.S. Dollars). The compounded rate is in each case subject to a zero floor. The applicable margin is 3.2 per cent. per annum for the first two years after the 2023 amendment and restatement becomes effective (and subject to two step ups of 0.2 per cent., each lasting for a duration of two years), subject to certain adjustments relating to the carbon emissions associated with the operated borrowing base assets of the group over the relevant calculation period. Default interest is also payable, at a rate of two per cent. per annum higher than the standard rate of interest payable on loans under the RBL Facility.

Certain fees are payable to the lenders under the RBL Facility, including an ongoing commitment fee in respect of the availability of the facility, a commission payable in respect of letters of credit issued from time to time and various fees payable to the administrative finance parties, including the agent, security trustee, account bank, technical banks and modelling banks, for the performance of their functions.

The borrowers shall pay commitment fees on a quarterly basis as follows: (i) an amount equal to the percentage rate per annum which is equal to 20 per cent. of the applicable margin on the daily amount by which the aggregate commitments exceeds the higher of the total outstanding utilisations and the maximum available amount (being the lower of such aggregate commitments or the borrowing base amount); and (ii) an amount equal to the percentage rate per annum which is equal to 40 per cent. of the applicable margin on the daily amount of the difference by which the maximum available amount (as defined above) exceeds the then outstanding utilisations.

A letter of credit commission is payable: (i) where the letter of credit is not issued to support the performance of obligations not primarily for the payment of money, calculated at the applicable margin on the daily amount that the letter of credit exposure exceeds any cash cover; (ii) where the letter of credit is issued to support the performance of obligations not primarily for the payment of money, calculated at 50 per cent. of the applicable margin on the daily amount that the letter of credit exposure exceeds any cash cover; and (iii) in respect of all letters of credit at the rate of 0.30 per cent. per annum on the daily amount of the letter of credit exposure where cash cover has been provided.

Representations

The RBL Facility contains customary representations, including (but not limited to) as to status, binding obligations, non-conflict with other obligations, power and authority, the status of security and material project documents, environmental matters, ownership, the accuracy of information, borrowing base projections, anti-bribery and sanctions and in certain cases are subject to knowledge and/or materiality qualifications.

Financial covenants

The RBL Facility requires obligors thereunder to ensure that on each 30 June and 31 December the historic ratio of consolidated total net debt to consolidated EBITDAX for the relevant period is less than 3:1. In the event of non-compliance with the applicable ratio, an event of default will occur under the RBL Facility unless waived in accordance with the RBL Facility.

General covenants

The RBL Facility contains customary undertakings which are in certain cases subject to certain exceptions and/or materiality qualifications. Among others, the general undertakings contain restrictions and obligations on obligors thereunder in relation to disposals of assets, acquisitions, the maintenance and exploitation of borrowing base assets (including restrictions on changes in operatorship and abandonment), corporate existence and change of business, incurrence of financial indebtedness, the provision of credit and the incurrence of guarantees and indemnities, the provision of security, the making of distributions, entry into hedging agreements, group liquidity, environmental matters, the sale of petroleum from borrowing base assets on the best terms reasonably available, and *pari passu* ranking. The RBL Facility also contains customary covenants relating to the provision of information to the lenders.

Events of default

The RBL Facility contains customary events of default including (but not limited to) in respect to breach of financial covenants, qualification of financial statements, non-payment of any amount under the finance documents, insolvency and analogous proceedings, cross-default, misrepresentation, ownership of the obligors, the qualification of accounts, expropriation, repudiation and effectiveness, litigation and material adverse change. There are additional events of default relating to the borrowing base assets and material project documents, each of which is qualified by reference to material adverse effect.

Mandatory prepayment events

The RBL Facility is to be prepaid in full immediately upon the occurrence of certain events, including a springing maturity linked to the maturity of any issued high yield notes or on the sale of all or substantially all of the assets of the obligors. There are also separate prepayment obligations which may be triggered upon receipt of certain proceeds of disposals, insurance claims and claims under the Acquisition documents.

(H) **Bridge Facility Agreement**

Overview

On 5 March 2024, the Company and certain of its subsidiaries entered into a bridge facility agreement (the "**BFA**") with, among others, DNB Bank ASA, London Branch as facility agent, pursuant to which an up to US$1,500,000,000 bridge facility is made available by the lenders thereunder.

The purpose of the BFA is to fund a proportion of the purchase price of the Acquisition, and any associated Acquisition costs, and it is expected to be drawn at Completion. It is a condition precedent to drawdown that the lenders have received evidence that the Enlarged Group has achieved, or will achieve as a result of Completion having occurred, an Investment Grade Rating. The BFA contains customary certain funds provisions to protect the ability of Harbour Energy to fund the Acquisition by restricting the recourse of lenders to certain drawstop and acceleration rights during the period in which the bridge facility is available to be drawn down.

Security

The BFA is an unsecured facility.

Repayment and maturity

The BFA matures on the date falling 12 months after the earlier of (i) Completion and (ii) the date falling 6 months after the date of the BFA. The BFA also contains two 6 month committed extension options. The loans shall mature in full on the maturity date.

Interest and fees

The rate of interest payable on loans under the BFA is the rate per annum equal to the aggregate of the applicable margin plus the compounded rate for the currency of the loan (SOFR for U.S. Dollars). The compounded rate is subject to a zero floor. The opening margin is 1.00 per cent. per annum, increasing in increments of 0.25 per cent. after the expiration of each of the first three successive 3-month periods after the date of the BFA, increasing in increments of 0.35 per cent. after the expiration of each of the fourth and fifth successive 3-month periods after the date of the BFA and increasing in increments of 0.50 per cent. after the expiration of each of the sixth and seventh successive 3-month periods after the date of the BFA. The margin then remains at 3.45 per cent. per annum until the maturity date. Default interest is also payable, at a rate of two per cent. per annum higher than the standard rate of interest payable on loans under the BFA.

Certain fees are payable to the lenders under the BFA, including an ongoing commitment fee in respect of the availability of the facility, as well as upfront fees payable on or around the signing date and funding fees on the date of drawdown of the facility. Various fees are also payable to the administrative finance parties, including the agent, for the performance of their functions.

Harbour Energy shall pay commitment fees on a quarterly basis in an amount equal: (i) the first two months after the date of the BFA, 0 per cent. of the applicable margin (ii) the third month after the date of the BFA, 10 per cent. of the applicable margin (iii) the fourth month after the date of the BFA, 15 per cent. of the applicable margin and (iv) for the remaining duration of the BFA, 30 per cent. of the applicable margin, in each case on the lenders' available (i.e. undrawn) commitments.

Representations

The BFA contains customary representations for an investment grade facility agreement, including (but not limited to) as to status, binding obligations, non-conflict with other obligations, power and authority, environmental matters, ownership, the accuracy of information, anti-bribery and sanctions and in certain cases are subject to knowledge and/or materiality qualifications.

Financial covenants

The BFA requires Harbour Energy to ensure that on each 30 June and 31 December (i) the historic ratio of consolidated total net debt to consolidated EBITDAX for the relevant period is less than 3.5:1 and (ii) the historic ratio of EBITDA to consolidated total net finance charges for the relevant period will not be less than 3.5:1. In the event of non-compliance with the applicable ratio, an event of default will occur under the BFA unless waived in accordance with the BFA.

General covenants

The BFA contains customary undertakings for an investment grade facility agreement which are in certain cases subject to certain exceptions and/or materiality qualifications. Among others, the general undertakings contain restrictions and obligations on obligors thereunder in relation to disposals of assets, acquisitions, corporate existence and change of business, incurrence of financial indebtedness, the making of distributions, environmental matters, *pari passu* ranking, sanctions and anti-bribery and compliance with the Acquisition-related documents. The BFA contains an obligation on Harbour Energy to ensure that any issuer, borrower or guarantor under the RBL Facility, the RCF (as referred to below), the high yield notes of Harbour Energy or the notes of the target under the Acquisition shall accede to the BFA within specified time periods. The BFA also contains customary covenants relating to the provision of information to the lenders.

The restriction relating to the making of acquisitions is limited to transactions defined as "Class 1 Transactions" under the Listing Rules of the UK Listing Authority (or, if the Listing Rules are amended so as to remove the requirement to seek shareholder approvals for Class 1 Transactions, the restriction shall be limited to any acquisition where the consideration for which (when aggregated with any financial indebtedness of the target) exceeds 25 per cent. of the market capitalisation of the Company or which would require the approval of Shareholders.

Events of default

The BFA contains customary events of default including (but not limited to) in respect of breach of financial covenants, breach of the sanctions covenant, non-payment of any amount under the finance documents, insolvency and analogous proceedings, cross-default, misrepresentation, ownership of the obligors and expropriation.

Mandatory prepayment events

The BFA is to be prepaid at the option of the lenders upon the occurrence of a change of control (more than 50 per cent. of the ownership of the Company or effective control over the board of directors or other equivalent officers). There are also separate prepayment obligations which may be triggered upon receipt of certain proceeds of disposals, insurance claims, claims under the Acquisition documents and in the event of the issuance of new debt.

(I) **Revolving Credit Facility Agreement**

Overview

On 5 March 2024, the Company and certain of its subsidiaries entered into a revolving credit facility agreement (the "**RCF**") with, among others, DNB Bank ASA, London Branch as facility agent, pursuant to which an up to US$3,000,000,000 revolving credit facility is made available by the lenders thereunder. The RCF includes a letter of credit sub-limit of up to US$1,750,000,000.

The purpose of the RCF is to fund the refinancing of the RBL Facility and the general corporate purposes of Harbour Energy and, following Completion, the Enlarged Group. It is a condition precedent to drawdown that the lenders have received evidence that the Enlarged Group has achieved, or will achieve as a result of Completion having occurred, an Investment Grade Rating, The RCF contains certain funds provisions to protect the ability of Harbour Energy to fund the refinancing of the RBL Facility.

Security

The RCF is an unsecured facility.

Repayment and maturity

The RCF matures on the date falling 5 years after the date of the RCF. The loans shall mature in full on the maturity date.

Interest and fees

The rate of interest payable on loans under the RCF is the rate per annum equal to the aggregate of the applicable margin plus the relevant term rate (EURIBOR for Euro and the Norwegian Interbank Offered Rate for Norwegian Krone) or compounded rate (SOFR for U.S. Dollars and SONIA for Sterling) for the currency of the loan. The term rate or the compounded rate (as applicable) is in each case subject to a zero floor. The opening margin is 1.45 per cent. per annum, subject to, on and from the date when the most recently published long term corporate credit rating of Harbour Energy, a margin ratchet tied to such corporate credit rating of up to a maximum of 2.50 per cent. per annum. Default interest is also payable, at a rate of two per cent. per annum higher than the standard rate of interest payable on loans under the RCF.

Certain fees are payable to the lenders under the RCF, including an ongoing commitment fee in respect of the availability of the facility and a corresponding utilisation fee, a commission payable in respect of letters of credit issued from time to time and various fees payable to the administrative finance parties, including the agent and the issuing bank, for the performance of their functions.

Harbour Energy shall pay commitment fees on a quarterly basis in an amount equal to the percentage rate per annum which is equal to 35 per cent. of the applicable margin on the lenders' available commitments. The obligation to pay commitment fee commences after Completion, before which a ticking fee is incurred at 0 per cent. of the applicable margin for the first two months after the date of the RCF and increasing to a maximum of 30 per cent. of the applicable margin from the date that is four months after the date of the RCF until Completion.

Each borrower shall pay a utilisation fee on the aggregate amount of outstanding utilisations of (i) 0.10 per cent. per annum where the amount of such utilisations is less than one third of total commitments (ii) 0.20 per cent. per annum where the amount of such utilisations is equal to or greater than one third of total commitments but less than two thirds and (iii) 0.40 per cent. per annum where the amount of such utilisations are equal to or greater than two thirds of total commitments.

For an explanation of the letter of credit commission provisions see "*Reserve Base Lending Facility—Overview*" in paragraph (G) above.

Representations, warranties, covenants and events of default

For an explanation of the representations, warranties, covenants, financial covenants and events of default see "*Bridge Facility Agreement—Overview*" in paragraph (H) above. The RCF does not contain provisions in relation to the Acquisition documents.

Mandatory prepayment events

For an explanation of the mandatory prepayment events see "*Bridge Facility Agreement—Overview*" in paragraph (H) above.

(J) **Existing Harbour Notes**

Overview

On 18 October 2021 the Company issued USD 500 million aggregate principal amount of its 5 ½ per cent. Senior Notes due 2026 (the "**Existing Harbour Notes**") under an indenture dated 18 October 2021 (the "**Existing Harbour Notes Indenture**") among, *inter alios*, the Company, the guarantors named therein and Glas Trust Company LLC. As of the date hereof, there were USD 500 million aggregate principal amount of the Existing Harbour Notes issued and outstanding.

Ranking

The Existing Harbour Notes are general obligations of the Company and rank equal in right of payment with all existing and future obligations of the Company that are not expressly contractually subordinated in right of payment to the Existing Harbour Notes, are guaranteed on a senior subordinated basis by the Existing Harbour Notes Guarantors (as defined below), rank effectively subordinated to all existing and future secured obligations of the Company to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Existing Harbour Notes on an equal and rateable or senior basis and rank senior in right of payment to all existing and future obligations of the Company expressly subordinated in right of payment to the Existing Harbour Notes. In addition, the Existing Harbour Notes are effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of, including trade payables and letters of credit issued by, the subsidiaries of the Company that are not the Existing Harbour Notes Guarantors.

Interest rates, payment dates and maturity

The Existing Harbour Notes bear interest at a rate of 5.500 per cent. per annum. Interest on the Existing Harbour Notes is payable semi-annually in arrear on 15 April and 15 October of each year. The Existing Harbour Notes will mature on 15 October 2026.

Guarantees

The Existing Harbour Notes are guaranteed on a senior subordinated basis by Chrysaor E&P Finance Limited, Chrysaor Limited, Chrysaor Holdings Limited, Chrysaor CNS Limited, Chrysaor E&P Limited, Chrysaor E&P Services Limited, Chrysaor North Sea Limited, Chrysaor Developments Limited, Chrysaor Petroleum Company U.K. Limited, Chrysaor Petroleum Limited, Chrysaor Production Holdings Limited, Chrysaor Production (U.K.) Limited, Chrysaor Resources (Irish Sea) Limited, Chrysaor Resources (UK) Holdings Limited, Chrysaor (U.K.) Alpha Limited, Chrysaor (U.K.) Beta Limited, Chrysaor (U.K.) Sigma Limited, Chrysaor (U.K.) Theta Limited, Premier Oil Group Holdings Limited, Premier Oil Group Limited, Premier Oil E&P UK Limited, Premier Oil E&P UK EU Limited, Premier Oil UK Limited, Premier Oil (Vietnam) Limited, Premier Oil Natuna Sea B.V., Premier Oil Tuna B.V., Premier Oil Vietnam Offshore B.V., Premier Oil Andaman Limited, Premier Oil Andaman I Limited and Premier Oil South Andaman Limited (collectively, the "**Existing Harbour Notes Guarantors**"). The guarantees of the Existing Harbour Notes by the Existing Harbour Notes Guarantors are subordinated in right of payment to outstanding senior obligations pursuant to a guarantee subordination agreement.

Security

The Existing Harbour Notes are unsecured.

Optional redemption and change of control

The Existing Harbour Notes are subject to redemption at any time on or after 15 October 2023 at the option of the Company, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on 15 October of the year indicated below:

Year	Redemption Price
2023	102.7500%
2024	101.3750%
2025 and thereafter	100.0000%

together with certain additional amounts, if applicable, and accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

In connection with any tender offer for, or other offer to purchase, all of the Existing Harbour Notes, if holders of not less than 90 per cent. of the aggregate principal amount of the then outstanding Existing Harbour Notes validly tender and do not validly withdraw such Existing Harbour Notes in such tender offer and the Company, or any other person making such tender offer in lieu of the Company, purchases all of the Existing Harbour Notes validly tendered and not validly withdrawn by such holders, the Company or such other person will have the right, subject to certain notice requirements, to redeem all (but not less than all) Existing Harbour Notes that remain outstanding following such purchase at a price equal to the price (excluding any early tender premium or similar payment) paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest thereon and certain additional amounts, to, but not including, the date of such redemption.

Upon the occurrence of certain change of control events, each holder of Existing Harbour Notes may require the Company to repurchase all or a portion of its Existing Harbour Notes at a purchase price equal to 101 per cent. of the principal amount of such Existing Harbour Notes, plus certain additional amounts and accrued and unpaid interest to, but not including, the date of purchase.

In addition, in the event that the Company becomes obligated to pay additional amounts to holders of the Existing Harbour Notes as a result of changes affecting withholding taxes applicable to payments on the Existing Harbour Notes, it may redeem the Existing Harbour Notes in whole but not in part at any time at 100 per cent. of the principal amount of the Existing Harbour Notes plus accrued and unpaid interest, if any, to, but not including, the redemption date.

Covenants

The Existing Harbour Notes Indenture contains covenants that, among other things, limit the ability of the Company and certain of its subsidiaries to:

(a) incur or guarantee additional indebtedness and issue certain preferred stock;

(b) create or permit to exist certain liens;

(c) consolidate, amalgamate, merge or transfer all or substantially all of the Company's assets and the assets of its subsidiaries on a consolidated basis; and

(d) amend certain documents.

These covenants are subject to a number of important limitations and exceptions.

Events of default

The Existing Harbour Notes Indenture contains customary events of default, including, among others, the non-payment of principal, interest or certain additional amounts on the Existing Harbour Notes, certain failures to perform or observe any other obligation under the Existing Harbour Notes Indenture or the guarantee subordination agreement, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of the Company or any specified significant subsidiary. The occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Existing Harbour Notes.

Governing law

The Existing Harbour Notes are governed by New York law.

(K) **Terminated Sale and Purchase Agreements relating to the Sale of Interests in Vietnam**

In 2023, Harbour Energy announced that it had entered into Sale and Purchase Agreements (the "**Block 12W SPAs**") to sell its business in Vietnam, which included a 53.125 per cent. operated interest in Offshore Block 12W ("**Block 12W**"), to Big Energy Joint Stock Company ("**Big Energy**") from the effective date of 1 January 2023. The Block 12W SPAs have now terminated in accordance with their terms and the sale has not been consummated. Harbour Energy intends to re-assess its options with regards to realising the best value from its Vietnam business.

Harbour's 53.125 per cent interest in Block 12W, which contains the Chim Sao and Dua fields, is made up of a 28.125 per cent operated interest held through Premier Oil Vietnam Offshore BV and a 25 per cent interest held through Premier Oil (Vietnam) Ltd.

(L) **EIG Relationship Agreement**

The Company entered into a relationship agreement (the "**EIG Relationship Agreement**") with Harbour North Sea Holdings, Ltd ("**Harbour North Sea**") on 31 March 2021 which will continue in force unless and until Harbour North Sea and its associates cease to own at least ten per cent. or more of the Ordinary Shares or the voting rights attaching to the Ordinary Shares. Harbour North Sea may terminate the EIG Relationship Agreement in certain circumstances, including where the Ordinary Shares cease to be admitted to the premium segment of the Official List and cease to be admitted to trading to the London Stock Exchange's main market for listed securities.

Under the EIG Relationship Agreement, Harbour North Sea undertakes that it shall not (and shall procure that its associates will not):

(a) take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules;

(b) propose or procure the proposal of a shareholder resolution of the Company which is intended or appears to be intended to circumvent the proper application of the Listing Rules;

(c) exercise any of its voting rights in the Company in a way that would be inconsistent with, or breach any of the provisions of, the EIG Relationship Agreement;

(d) influence the day-to-day running of the Company at an operational level and shall allow the Company to operate on an independent basis;

(e) vote its Ordinary Shares and shall use its reasonable endeavours to procure that any director appointed by it does not vote his or her shares in a manner that would prevent the Company from operating and making decisions for the benefit of shareholders of the Company as a whole; and

(f) act in a manner which would be inconsistent with the independence of the Board being maintained in accordance with the rules of the London Stock Exchange or the FCA applicable to the Company, including the Listing Rules.

It is anticipated that the EIG Relationship Agreement will terminate upon Completion as a result of Harbour North Sea together with its associates holding less than ten per cent. of the Ordinary Shares (or the voting rights attaching to the Ordinary Shares) following the issue of the BASF Consideration Shares to BASF.

(M) **Transitional Services Agreement**

In connection with the Acquisition, the Company and Wintershall Dea entered into a transitional services agreement (the "**TSA**"), effective 19 April 2024, pursuant to which Wintershall Dea provides transitional support services to the Company.

Under the TSA, Wintershall Dea is required to provide the transitional services in accordance with the same standards and volumes as achieved in respect of the same services during the six-month period immediately before the date of Completion, as well as in accordance with good industry practice and applicable law. The services are typical transitional support services, including accounting, reporting, treasury, tax data provisions, access and maintenance of critical systems and human resources services. In consideration for the services, the Company pays Wintershall Dea service charges on an "at cost" basis (plus a margin of 5 per cent.). Specific service terms have been agreed in respect of each service (mostly in the region of 12 months).

In addition to providing the above services, Wintershall Dea also provides the Company with migration support, with the objective of migrating the services to the Company prior to the expiry of the relevant service term (such that the Company, or another third party service provider, can provide those services without continued assistance from Wintershall Dea).

That TSA contains standard terms regarding omitted services, third party consents, intellectual property, liability, and termination. The TSA is governed by German law and any disputes will be settled under the rules of arbitration of the International Chamber of Commerce.

9.2 **Target Company Group**

A summary of all contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Target Company or another member of the Target Company Group either: (i) within the period of two years immediately preceding the date of this document which are or may be material to the Target Company Group; or (ii) which contain any provisions under which any member of the Target Company Group has any obligation or entitlement which is or may be material to the Target Company Group as at the date of this document, is set out below.

(A) **Wintershall Dea Senior Notes**

Overview

On 25 September 2019, Wintershall Dea Finance B.V. (the "**Senior Notes Issuer**") issued €1,000,000,000 0.840 per cent. notes due 2025 (the "**2025 Senior Notes**"), €1,000,000,000 1.332 per cent. notes due 2028 (the "**2028 Senior Notes**") and €1,000,000,000 1.823 per cent. notes due 2031 (the "**2031 Senior Notes**", and together with the 2025 Senior Notes and the 2028 Senior Notes, the "**Senior Notes**") governed by certain terms and conditions (the "**Senior Notes Terms and Conditions**"). As of the date hereof, the 2025 Senior Notes, 2028 Senior Notes and 2031 Senior Notes are still in issue and outstanding. Pursuant to a bondholder consent solicitation exercise successfully undertaken in February 2024 and implemented in April 2024, Wintershall Dea will, conditional upon Completion, be replaced by the Company as the guarantor providing an unconditional and irrevocable guarantee in respect of the Senior Notes (the "**Senior Notes Guarantor**").

Ranking

The obligations under the Senior Notes constitute unsubordinated and, subject to the respective Senior Notes Guarantees (as defined below), unsecured obligations of the Senior Notes Issuer ranking pai passu among themselves and, in the event of the insolvency, dissolution or liquidation of the Senior Notes Issuer or any proceeding to avoid insolvency of the Senior Notes Issuer, *pari passu* with all other present and future unsubordinated and unsecured obligations of the Senior Notes Issuer, save for such obligations which may be preferred by applicable law.

Interest Rates, Payment Dates and Maturity

The 2025 Senior Notes bear interest at 0.840 per cent. per annum, the 2028 Senior Notes bear interest at 1.332 per cent. per annum, and the 2031 Senior Notes bear 1.823 per cent. per annum. Interest on the Senior Notes is payable annually on 25 September each year. The Senior Notes will mature on:

(a) in the case of the 2025 Senior Notes, 25 September 2025;

(b) in the case of the 2028 Senior Notes, 25 September 2028; and

(c) in the case of the 2031 Senior Notes, 25 September 2031.

Guarantees

The Senior Notes are unsecured and unsubordinated obligations of the Senior Notes Issuer and rank equally in right of payment with the Senior Notes Issuer's existing and future unsecured and unsubordinated obligations. The Senior Notes are unconditionally and irrevocably guaranteed by Wintershall Dea (and following Completion, by the Senior Notes Guarantor) pursuant to unconditional and irrevocable guarantees (each of these guarantees, a "**Senior Notes Guarantee**", and collectively, the "**Senior Notes Guarantees**"). The Senior Notes Guarantees are unsecured and unsubordinated debt obligations of Wintershall Dea (and following Completion, by the Senior Notes Guarantor) and rank equally in right of payment with all existing and future unsecured and unsubordinated obligations of Wintershall Dea (and following Completion, of the Senior Notes Guarantor).

Security

The Senior Notes are unsecured.

Covenants

The Senior Notes Terms and Conditions contain covenants that, among other things, limit the ability of the Senior Notes Issuer and the Senior Notes Guarantor to:

(a) incur or guarantee additional indebtedness and issue certain preferred stock; and

(b) create or permit to exist certain liens.

These covenants are subject to a number of important limitations and exceptions.

Change of Control

The Senior Notes Terms and Conditions contain a change of control provision that was tailored to the shareholders of Wintershall Dea prior to Completion. Pursuant to a bondholder consent solicitation exercise undertaken in February 2024 and implemented in April 2024, conditional upon Completion, the change of control provision is modified to apply to the Company and thus the Company's shareholders.

Events of Default

The Senior Notes Terms and Conditions contain customary events of default, including, among others, the non-payment of principal, interest or certain additional amounts on the Senior Notes, certain failures to perform or observe any other obligation under the Senior Notes Terms and Conditions or the guarantee subordination agreement, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of the Senior Notes Issuer or any of its subsidiaries, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of the Senior Notes Issuer. The occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Senior Notes.

Governing Law

The Senior Notes are governed by laws of the Federal Republic of Germany.

(B) **Wintershall Dea Subordinated Notes**

Overview

On 20 January 2021, Wintershall Dea Finance 2 B.V. (the "**Subordinated Notes Issuer**") issued €650,000,000 undated subordinated resettable 2.4985 per cent. notes (the "**2026 Subordinated Notes**") and €850,000,000 undated subordinated resettable 3.000 per cent. notes (the "**2029 Subordinated Notes**" and together with the 2026 Subordinated Notes, the "**Subordinated Notes**") governed by certain terms and conditions (the "**Subordinated Notes Terms and Conditions**"). As of the date hereof, the 2026 Subordinated Notes and 2029 Subordinated Notes are still in issue and outstanding. Pursuant to a bondholder consent solicitation exercise successfully undertaken in February 2024 and implemented in April 2024, Wintershall Dea will, conditional upon Completion, be replaced by the Company as the guarantor providing a guarantee on a subordinated basis (the "**Subordinated Notes Guarantor**").

Ranking

The obligations of the Subordinated Notes Issuer under the Subordinated Notes constitute unsecured and subordinated obligations of the Subordinated Notes Issuer ranking subordinated to all present and future unsubordinated and subordinated obligations of the Subordinated Notes Issuer *pari passu* amongst themselves and *pari passu* with all other present and future unsecured obligations of the Subordinated Notes Issuer ranking subordinated to all unsubordinated and subordinated obligations of the Subordinated Notes Issuer (including any present or future security or other instrument which ranks or is expressed to rank *pari passu* with the notes of the Subordinated Notes Issuer), except for any subordinated obligations required to be preferred by mandatory provisions of law, and senior only to the rights and claims of holders of junior securities of the Subordinated Notes Issuer.

Interest Rates, Payment Dates and Maturity

The 2026 Subordinated Notes are undated instruments and bear interest at a rate of 2.498 per cent. per annum and the 2029 Subordinated Notes bear interest at a rate of 3.000 per cent. per annum. Interest on the Subordinated Notes is payable annually in arrear on 20 July each year (for 2026 Subordinated Notes) and 20 January each year (for 2029 Subordinated Notes). The 2026 Subordinated Notes are subject to an interest rate step-up mechanism in 2026 and the 2029 Subordinated Notes are subject to an interest rate step-up mechanism in 2029.

Guarantees

The Subordinated Notes will be unconditionally and irrevocably guaranteed by Wintershall Dea (and following Completion, by the Subordinated Notes Guarantor) on a subordinated basis. The obligations of Wintershall Dea (and following Completion, of the Subordinated Notes Guarantor) under the Subordinated Notes constitute unsecured obligations of Wintershall Dea (and following Completion, of the Subordinated Notes Guarantor) ranking subordinated to all present and future unsubordinated and subordinated obligations of Wintershall Dea (and following Completion, of the Subordinated Notes Guarantor), *pari passu* among themselves and *pari passu* with all other present and future unsecured obligations of Wintershall Dea (and following Completion, of the Subordinated Notes Guarantor) ranking subordinated to all unsubordinated and subordinated obligations of Wintershall Dea (and following Completion, of the Subordinated Notes Guarantor), except for any subordinated obligations required to be preferred by mandatory provisions of law, and senior only to the rights and claims of holders of junior securities of Wintershall Dea (and following Completion, of the Subordinated Notes Guarantor).

Security

The Subordinated Notes are unsecured.

Covenants

There are no covenants in the Subordinated Notes Terms and Conditions.

Events of Default

The Subordinated Notes are hybrid bonds and accordingly no events of default clause is included in the Subordinated Notes Terms and Conditions.

Governing Law

The Subordinated Notes are governed by laws of the Federal Republic of Germany.

(C) **Ghasha Sale and Purchase Agreement**

On 10 June 2024, Wintershall Dea Middle East GmbH (as the seller) ("**WDME**"), PTTEP MENA LIMITED (as the purchaser) and Wintershall Dea (as the guarantor) entered into a sale and purchase agreement (the "**Ghasha SPA**") relating to the sale of a 10 per cent. interest held by WDME in the Ghasha offshore concession located in the Arabian Gulf, offshore Abu Dhabi (the "**Ghasha Transaction**").

The Ghasha SPA contains customary warranties from WDME, including fundamental warranties relating to, amongst other things, powers and obligations of WDME, title to the interests in the Ghasha concession, complete and accurate disclosure of documents in the data room by WDME and compliance with permits, licences and applicable law and tax warranties. WDME's liability for a warranty claim under the Ghasha SPA is subject to the value of the claims exceeding a minimum threshold and is thereafter capped at differing thresholds for a breach of a fundamental warranty or a breach of other warranties. WDME shall not be liable unless it has been given written notice of a claim within certain time periods which vary depending on the nature of the claim.

Wintershall Dea has guaranteed WDME's obligations under the Ghasha SPA (including those arising from any breach of warranties) following completion of the Ghasha Transaction and up to an amount specified in the Ghasha SPA. Wintershall Dea's guarantee under the Ghasha SPA will be novated to Harbour Energy upon Completion.

The Ghasha SPA is governed by English law. Any dispute arising out of or in connection with the Ghasha Transaction will be resolved by the International Chamber of Commerce (the "**ICC**") in accordance with the rules of arbitration of the ICC.

9.3 **BASF Group**

Other than the Business Combination Agreement, which has been summarised in Part IV (*Terms and Conditions of the Acquisition*) of this document, neither BASF TopCo nor any other member of the BASF Group has entered into a material contract outside the ordinary course of business within the period of two years immediately preceding the date of this document.

10. RELATED PARTY TRANSACTIONS

Save as disclosed in: (i) note 28 of the 2023 Annual Report; (ii) note 28 of the 2022 Annual Report and Financial Statements; and (iii) note 28 of the 2021 Annual Report and Financial Statements, each of which are incorporated by reference into this document, there are no related party transactions between Harbour Energy and its related parties that were entered into during the financial years covered in the historical financial information and from 1 January 2024 up to the Latest Practicable Date.

11. LITIGATION AND ARBITRATION PROCEEDINGS

11.1 Harbour Energy

Other than as set out below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company and/or Harbour Energy.

Determination by referee in STASCO dispute

Harbour Energy is a party to long term hydrocarbon sales and lifting agreements (the "**HSLAs**") with Shell International Trading Company Limited ("**STASCO**"), a subsidiary of Shell plc. Harbour Energy has notified STASCO of its right to terminate the HSLA from 31 October 2024, in accordance with their terms. Pursuant to the HSLAs, Harbour Energy has agreed to sell and STASCO has agreed to buy Harbour Energy's production across various fields and products, including in respect of crude oil from the Clair and Schiehallion fields in the North Sea. The pricing of the crude oil from the Clair and Schiehallion fields under the HSLAs was partly based on the Urals crude oil price assessment published by Platts. Following the Russian invasion of Ukraine in February 2022, the price of the Urals materially weakened relative to other benchmarks.

In response to the European Union's sanctions against Russia in November 2022, Platts made a material change to the Urals crude oil price assessment which allowed the Company to seek an alternative pricing benchmark under the HSLAs. The HSLAs also **provided that** if the parties were unable to agree the alternative pricing benchmark then a referee could be appointed to make this determination. The Company and STASCO were unable to agree the terms of reference of the referee and the Company therefore brought a claim against STASCO in the High Court on 13 April 2023 seeking a declaration that no further explanation or instruction to the referee would be required before the referee was able to perform its function under the contractual referee procedure. On 20 December 2023, the High Court found in favour of the Company and declined to intervene in the pricing dispute.

On 9 May 2024, the referee gave its written determination in Harbour Energy's favour and ruled that the alternative pricing benchmark proposed by the Company should be adopted.

Harbour Energy has since received cash funds from STASCO of $55.9 million in settlement of the backward-looking element of the pricing dispute. All future liftings (and liftings in respect of which STASCO has not yet been invoiced) until the termination of the HSLAs will also be priced using the pricing benchmark determined by the referee.

11.2 Wintershall Dea Global Holding GmbH and the Target Company Group

There are no, nor have there been any, governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of Wintershall Dea Global Holding GmbH and/or the Target Company Group.

12. WORKING CAPITAL STATEMENT

The Company is of the opinion that, taking into account the existing debt available to the Target Company Group and the RCF, the Enlarged Group has sufficient working capital for its present requirements, that is for the next 12 months from the date of this Circular.

13. NO SIGNIFICANT CHANGE

13.1 Harbour Energy

There has been no significant change in the financial performance or financial position of Harbour Energy since 31 December 2023, being the date to which the audited consolidated financial information of Harbour Energy for the year ended 31 December 2023, which is incorporated by reference into, and forms part of, this Circular was published.

13.2 Target Company Group

There has been no significant change in the financial position or financial performance of the Target Portfolio since 31 December 2023, being the date to which the audited historical financial information for the Target Portfolio set out in Part VI (*Historical Financial Information relating to the Target Portfolio*) for the year ended 31 December 2023 of this Circular was published.

14. THIRD PARTY INFORMATION

14.1 External publications

Certain information has been obtained from external publications and is referenced in this document where the information is included. The Company confirms that this information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

14.2 Target Company CPR

In view of its size relative to that of Harbour Energy, the Acquisition constitutes a reverse takeover and class 1 transaction under the Listing Rules. Consequently, the Company is required by Listing Rule 13.4.6R to include an independent mineral expert's report in this document, along with a glossary of the technical terms used in such report. DeGolyer and MacNaughton ("**D&M**") has been commissioned to prepare the independent mineral expert's report in relation to the Target Portfolio (the "**Target Company CPR**"), which is incorporated by reference into this Circular. The Target Company CPR was prepared on the basis of the reporting date of 31 December 2023.

The Target Company CPR constitutes a valuation report of the Target Portfolio for the purposes of Rule 29 of the Takeover Code. The Target Company CPR should not be taken as investment advice nor as a statement of opinion as to the merits of any related transactions hereto. The Target Company CPR was produced solely for the benefit of, and on the instructions of, Harbour Energy PLC.

No material changes have occurred since 31 December 2023, being the effective date of the Target Company CPR, the omission of which would make the Target Company CPR misleading.

15. CONSENTS

EY has given and not withdrawn its written consent to the inclusion in this document of its report included in Section A of Part VII (*Unaudited Pro Forma Financial Information*) in the form and context in which it is included.

KPMG has given and not withdrawn its written consent to the inclusion in this document of its reports included in Section A of Part VI (*Historical Financial Information relating to the Target Portfolio*) in the form and context in which it is included.

Barclays has given and not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it is included.

J.P. Morgan has given and not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it is included.

D&M has given and not withdrawn its written consent to the inclusion in this document of its name and the references to the Target Company CPR which has been incorporated by reference herein in the form and context in which it is included.

16. INFORMATION INCORPORATED BY REFERENCE

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

To the extent that any document or information is incorporated by reference or attached to this Circular itself incorporates any information by reference, such information will not form part of this Circular unless otherwise explicitly stated to be incorporated herein.

The table below is intended to enable Shareholders to identify easily the location of specific items of information. This Circular and all documents incorporated into it by reference should be read as a whole.

Shareholders, persons with information rights and any other person who have received a copy of this Circular will not be sent automatically a copy of any document (or any part of a document) incorporated into this document by reference. The Company will, however, upon the written request of any such person, procure or provide without charge a copy of any documents incorporated by reference into this document.

Requests for copies of any such documents should be made in writing to the company secretary. If such a request is made, a copy of the requested information shall be sent to the relevant person in hard copy form as soon as possible.

Documents containing information incorporated by reference	Part and paragraph in this Circular in which the document is referred to	Information incorporated by reference into this Circular
2023 Annual Report	Part VIII (*Additional Information*), paragraph 10	Information on related party transactions in note 28 on page 168
	Alternative Performance Measures	All text under the heading "Non-IFRS measures" on page 187
	Part VII (*Unaudited Pro forma Financial Information)*	Independent auditor's report to the members of Harbour Energy plc on pages 109 to 117 (inclusive)
		Consolidated income statement on page 118
		Consolidated statement of comprehensive income on page 119
		Consolidated balance sheet on page 120
		Consolidated statement of changes in equity on page 121
		Consolidated statement of cash flows on page 122
		Notes to the consolidated financial statements on pages 123 to 171 (inclusive)
2022 Annual Report	Part VIII (*Additional Information*), paragraph 10	Information on related party transactions in note 25 on page 162
2021 Annual Report	Part VIII (*Additional Information*), paragraph 10	Information on related party transactions in notes 28 on page 163
Prospectus	Part VIII (*Additional Information*), paragraphs 14.2 and 17	Target Company CPR
	Part IX (*Definitions*)	Definitions and Interpretation

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the Company's website at www.harbourenergy.com, for a period of at least 12 months from the date of publication of this document. Should you require a hard copy version of the documents below, please contact the Company Secretary.

(A) the Articles;

(B) the memorandum and articles of association of BASF and BASF TopCo;

(C) the Company's 2023 Annual Report;

(D) the Company's 2022 Annual Report;

(E) the Company's 2021 Annual Report;

(F) the Business Combination Agreement;

(G) the bridge facility agreement in connection with the Acquisition;

(H) the irrevocable undertakings referred to in paragraph 8 (*Irrevocable Undertakings*) of this Part VIII (*Additional Information*);

(I) the Confidentiality Agreement;

(J) the Target Company CPR contained in Part XI (*Competent Person's Report on the Target Company*) of the Prospectus;

(K) the consents referred to in paragraph 15 (*Consents*) of this Part VIII (*Additional Information*);

(L) a copy of the Prospectus; and

(M) a copy of this Circular and the Form of Proxy.

PART IX—DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"2023 Annual Report"	the Company's audited annual reports and accounts for the year ended 31 December 2023;
"2024 AGM"	the annual general meeting of the Company held on 9 May 2024;
"Acquisition"	the proposed acquisition by the Company of the Target Portfolio;
"Admission"	the admission of the BASF Consideration Shares to listing on the premium segment of the Official List (or the segment of the Official List for ESCCs, if applicable at the time of application) and to trading on the London Stock Exchange's main market for listed securities;
"Announcement"	the announcement by the Company on 21 December 2023 that it had reached an agreement with BASF and LetterOne for the Acquisition;
"APA"	Norway's Award in Pre-Defined Areas;
"Articles"	the articles of association of the Company as at the date of this document;
"Barclays"	Barclays Bank PLC, Sponsor and joint financial adviser to the Company;
"BASF"	Basf Handels-und Exportgesellschaft Mit Beschränkter Haftung, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Ludwigshafen am Rhein under registration number HRB 3535 with its registered seat in Ludwigshafen am Rhein, Germany;
"BASF Consideration Shares"	the 669,714,027 new Ordinary Shares to be issued to BASF pursuant to the Business Combination Agreement;
"BASF Relationship Agreement"	a relationship agreement entered into by the Company prior to Completion (but conditional on Admission) with BASF;
"BASF Responsible Persons"	Dr. Markus Kamieth, Dr. Dirk Elvermann, Michael Heinz, Anup Kothari, Dr. Stephan Kothrade, Dr. Katja Scharpwinkel, Dr. Birka Benecke, Christian Jutzi, Oliver Nussbaum and Dr. Stefan Rothweiler;
"BASF TopCo"	BASF SE, a European stock corporation (*Societas Europaea*) established under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) of Ludwigshafen am Rhein under registration number HRB 6000 with its registered seat in Ludwigshafen am Rhein, Germany;
"bcf"	billion cubic feet;
"Block 12W SPAs"	the now terminated sale and purchase agreements entered into by Harbour Energy to sell its business in Vietnam;
"Board"	the board of directors of the Company from time to time;
"Bonds"	the Subordinated Bonds and the Senior Bonds;
"BOP"	the blow-out preventer;
"Business Combination Agreement"	the business combination agreement between the Company, BASF, LetterOne, BASF TopCo and LetterOne TopCo dated 21 December 2023 as amended on 7 June 2024;
"Business Day"	any day (excluding Saturdays, Sundays and public holidays in Scotland, England and Wales) on which banks are generally open for business in London and/or Scotland;
"Buyback Authority"	has the meaning given to such term in paragraph 1.5 of Part V (*Details of the Takeover Panel Rule 9 Waiver*);
"Chrysaor"	Chrysaor Holdings Limited;

"Circular"	this circular issued by the Company in connection with the Acquisition containing the Notice of General Meeting;
"CMA-1"	Cuenca Marina Austral 1;
"Companies Act"	the Companies Act 2006, as amended from time to time;
"Company"	Harbour Energy plc, public limited company incorporated under the laws of Scotland and registered under number SC234781, whose registered address is at 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN;
"Completion"	the completion of the Acquisition in accordance with the terms of the Business Combination Agreement;
"Concert Parties"	the concert parties for the purposes of the Takeover Code as more particularly described in paragraph 2 (*Concert parties*) of Part V (*Details of the Takeover Panel Rule 9 Waiver*);
"Conditions to Completion"	has the meaning given to it in paragraph 1.3 (*Conditions*) of Part IV (*Terms and Conditions of the Acquisition*);
"Confidentiality Agreement"	the confidentiality agreement entered into between BASF TopCo, L1 Energy (UK) LLP and the Company on 31 March 2023;
"Consideration Shares"	the BASF Consideration Shares and the Non-Voting Shares;
"Conversion Conditions"	the following conditions to conversion of the Non-Voting Shares: (a) each of the (direct or indirect) shareholders of the relevant Non-Voting Shareholder ceasing to be subject to relevant sanctions restrictions (**provided that** the relevant Non-Voting Shareholder is also not subject to such sanctions restrictions); and (b) either: (i) the relevant Non-Voting Shareholder confirming that the conversion of the relevant Non-Voting Shares into Ordinary Shares does not require any relevant authorisation from any relevant regulatory authorities; or (ii) if the relevant Non-Voting Shareholder considers that authorisation is required from certain regulatory authorities in respect of the conversion of the relevant Non-Voting Shares into Ordinary Shares, the receipt of such authorisation on terms reasonably satisfactory to the relevant Non-Voting Shareholder and the Company;
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & International Limited is the operator (as defined in the CREST Regulations);
"CREST Manual"	the rules governing the operation of CREST as published by Euroclear UK & International Limited;
"CREST member"	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755), as amended;
"D&M"	DeGolyer and MacNaughton Corp.;
"Directors"	the directors of the Company as at the date of this Circular, and "**Director**" shall mean any one of them;
"Disclosure Guidance and Transparency Rules"	the Disclosure Guidance and Transparency Rules made by the FCA under section 73A of FSMA, as amended from time to time;
"document"	this Circular;
"DTR" or "Disclosure Guidance and Transparency Rules"	the Disclosure Guidance and Transparency Rules made by the FCA under section 73A of FSMA, as amended from time to time;
"EGAS"	the Egyptian Natural Gas Holding Company;
"EGPC"	the Egyptian General Petroleum Corporation;

"Enlarged Group"	Harbour Energy following Completion;
"ESCCs"	equity shares of commercial companies;
"EU"	the European Union;
"EUR", "euro" or "€"	the lawful currency of the European Union (as adopted by certain member states);
"Existing Harbour Notes"	USD 500 million aggregate principal amount of its 5.5 per cent. Senior Notes due 2026 issued by the Company on 18 October 2021;
"Existing Harbour Notes Guarantors"	collectively, Chrysaor E&P Finance Limited, Chrysaor Limited, Chrysaor Holdings Limited, Chrysaor CNS Limited, Chrysaor E&P Limited, Chrysaor E&P Services Limited, Chrysaor North Sea Limited, Chrysaor Developments Limited, Chrysaor Petroleum Company U.K. Limited, Chrysaor Petroleum Limited, Chrysaor Production Holdings Limited, Chrysaor Production (U.K.) Limited, Chrysaor Resources (Irish Sea) Limited, Chrysaor Resources (UK) Holdings Limited, Chrysaor (U.K.) Alpha Limited, Chrysaor (U.K.) Beta Limited, Chrysaor (U.K.) Sigma Limited, Chrysaor (U.K.) Theta Limited, Premier Oil Group Holdings Limited, Premier Oil Group Limited, Premier Oil E&P UK Limited, Premier Oil E&P UK EU Limited, Premier Oil UK Limited, Premier Oil (Vietnam) Limited, Premier Oil Natuna Sea B.V., Premier Oil Tuna B.V., Premier Oil Vietnam Offshore B.V., Premier Oil Andaman Limited, Premier Oil Andaman I Limited and Premier Oil South Andaman Limited;
"Existing Ordinary Shares"	the Ordinary Shares in issue immediately prior to the Acquisition;
"EY"	Ernst & Young LLP, whose registered address is at 1 More London Place, London SE1 2AF, United Kingdom;
"FCA"	the Financial Conduct Authority, including in its capacity as the competent authority for the purposes of Part VI of FSMA;
"FEED"	Front-end engineering design;
"FLAGS"	the Far North Liquids and Associated Gas System;
"Form of Proxy"	the form of proxy enclosed with the Circular for use in connection with the General Meeting;
"Fortress"	certain funds, affiliates and/or accounts of Fortress Investment Group LLC;
"FSMA"	the Financial Services and Markets Act 2000, as amended from time to time;
"General Meeting"	the general meeting of the Company, including any adjournments thereof, proposed to be held at Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ at 10.00 a.m. on Friday, 5 July 2024 to approve the Resolutions, the notice of which is contained in Part X (*Notice of General Meeting*) of this document;
"Ghasha SPA"	the sale and purchase agreement relating to the Ghasha Transaction;
"Ghasha Transaction"	the sale of a 10 per cent. interest held by WDME in the Ghasha offshore concession located in the Arabian Gulf, offshore Abu Dhabi;
"GHG"	greenhouse gas;
"Harbour Argentina"	Harbour Energy Argentina Limited Sucursal Argentina;
"Harbour Energy"	the Company together with its subsidiaries and subsidiary undertakings from time to time;
"Harbour Share Plans"	the Harbour Energy Expat Share Incentive Plan, the Harbour Energy Share Incentive Plan, the Harbour Energy 2017 Long Term Inventive Plan and the Harbour Energy Save As You Earn Plan;
"J.P. Morgan"	J.P. Morgan Securities plc (which conducts its UK investment banking activities under the marketing name J.P. Morgan Cazenove), joint financial adviser to the Company;

"Latest Practicable Date"	7 June 2024;
"LetterOne"	L1 Energy Capital Management Services S. À R. L., a Luxembourg limited company (*société à responsabilité limitée*) with registered seat in Luxembourg, and registered with the company register of Luxembourg under B185442, whose registered address is at 1-3 Boulevard de la Foire, L-1528 Luxembourg;
"LetterOne Relationship Agreement"	a relationship agreement entered into by the Company prior to Completion (but conditional on Admission) with LetterOne;
"LetterOne TopCo"	LetterOne Holdings S.A., a Luxembourg public limited company (*société anonyme*) with registered seat in Luxembourg, and registered with the company register of Luxembourg under B176010, whose registered address is at 1-3 Boulevard de la Foire, L-1528 Luxembourg;
"Listing Rules"	the listing rules made by the FCA under section 73A of FSMA, as amended from time to time;
"London Stock Exchange"	London Stock Exchange plc;
"Longstop Date"	21 June 2025, or such other date as the parties to the Business Combination Agreement may agree in writing;
"M&A"	mergers and acquisitions;
"Member States"	member states of the EU;
"mmbbl"	million barrels;
"mmboe"	million barrels of oil equivalent;
"mtpa"	million tonnes per annum;
"Non-Voting Shareholder"	a holder of Non-Voting Shares;
"Non-Voting Shares"	the 251,488,211 non-voting, non-listed convertible ordinary shares with preferential rights to be issued to LetterOne pursuant to the Business Combination Agreement on the terms, and with the rights, as set out in the Annex to the Notice of General Meeting contained in Part X (*Notice of General Meeting*) of this document;
"Notice of General Meeting"	the notice of General Meeting contained in Part X (*Notice of General Meeting*) of this document;
"NWSG"	the North West Sidi Ghazi;
"Official List"	the list maintained by the FCA in accordance with section 74(1) of the FSMA for the purposes of Part VI of the FSMA;
"Ordinary Shares"	the ordinary shares with a nominal value of 0.002 pence each in the capital of the Company in issue from time to time;
"Overseas Shareholders"	Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom, and "**Overseas Shareholder**" shall be construed accordingly;
"Participation Rights"	the rights of the holders of Non-Voting Shares to be entitled to participate in purchases by the Company of its own securities or other returns of capital on a pro-rata basis;
"Pounds Sterling", "Sterling", "GBP", "pence" or "£"	the lawful currency of the United Kingdom;
"Prospectus"	the prospectus to be published by the Company on the date hereof connection with its application for Readmission and Admission;
"Prospectus Regulation Rules"	the prospectus regulation rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended from time to time;
"PRA"	the UK Prudential Regulatory Authority;

"**Q1 2024 Update**"	the unaudited trading and operations update for the first quarter of 2024 issued by the Company on 9 May 2024;
"**RCF**"	the revolving credit facility agreement dated 5 March 2024 entered into by the Company and certain members of Harbour Energy with, among others, DNB Bank ASA, London Branch as facility agent, pursuant to which an up to US$3,000,000,000 revolving credit facility is made available by the lenders thereunder;
"**Readmission**"	readmission of the Existing Ordinary Shares to the premium listing segment of the Official List (or the segment of the Official List for ESCCs, if applicable at the time of application) and to trading on the London Stock Exchange's main market for listed securities;
"**Registrar**"	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom;
"**regulatory authority**"	any central bank, ministry, governmental, quasi- governmental (including the EU), supranational, statutory, regulatory or investigative body or authority (including any national or supranational antitrust or Acquisition control authority), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including for the avoidance of doubt, the Takeover Panel, the FCA and the London Stock Exchange;
"**Regulatory Information Service**"	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;
"**Resolutions**"	each of the Resolutions 1 to 3, which are set out in the Notice of General Meeting and "**Resolution**" shall be construed accordingly;
"**Restricted Territories**"	any jurisdiction where the extension or availability of any transaction contemplated by the Acquisition would breach any applicable law or regulation;
"**Right of First Refusal**"	The right of first refusal provided to LetterOne and LetterOne TopCo pursuant to the Business Combination Agreement;
"**Rule 9 Waiver**"	a waiver granted by the Takeover Panel in respect of the obligation to make an offer for Ordinary Shares under Rule 9 of the Takeover Code;
"**Rule 9 Waiver Resolution**"	Resolution 2 as set out in the Notice of General Meeting;
"**Senior Managers**"	the senior managers of the Company;
"**Senior Notes**"	EUR 1,000,000,000 Notes 0.84 per cent. 2019/2025 (ISIN: XS2054209833), EUR 1,000,000,000 Notes 1.332 per cent. 2019/2028 (ISIN: XS2054210252) and EUR 1,000,000,000 Notes 1.832 per cent. 2019/2031 (ISIN: XS2055079904), in each case issued by Wintershall Dea Finance B.V.;
"**Senior Notes Guarantees**"	the unconditional and irrevocable guarantees pursuant to which the Senior Notes are unconditionally and irrevocably guaranteed by Wintershall Dea (and following Completion, by the Senior Notes Guarantor) and "**Senior Note Guarantee**" shall be construed accordingly;
"**Senior Notes Guarantor**"	Wintershall Dea and, following Completion, the Company;
"**Senior Notes Issuer**"	Wintershall Dea Finance B.V.;
"**Shareholder**"	any holder of Ordinary Shares registered on the register of members of the Company from time to time;
"**Spin-off**"	a spin-off for assumption (*Abspaltung zur Aufnahme*), pursuant to which Wintershall DEA will transfer to the Target Company certain assets of the Target Portfolio;

"Sponsor"	Barclays Bank PLC;
"St Fergus"	the SAGE gas terminal at St Fergus on the north east coast of Scotland;
"Subordinated Notes"	EUR 650,000,000 2.4985 per cent. Undated Subordinated Resettable Fixed Rate Notes 2021/PERP-NC5.5 (ISIN: XS2286041517) and EUR 850,000,000 Undated Subordinated Resettable Fixed Rate Notes 3 per cent. 2021/PERP-NC8.0 (ISIN: XS2286041947), in each case, issued by Wintershall Dea Finance 2 B.V.;
"Subordinated Notes Guarantor"	Wintershall Dea and, following Completion, the Company;
"Subordinated Notes Issuer"	Wintershall Dea Finance 2 B.V.;
"Subordinated Notes Terms and Conditions"	the terms and conditions which govern the Subordinated Notes;
"Takeover Code"	the City Code on Takeovers and Mergers as from time to time amended and interpreted by the Takeover Panel;
"Takeover Panel"	the Panel on Takeovers and Mergers;
"Target Company"	Wintershall Dea Holding GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany which will be owned 72.7 per cent. by BASF and 27.3 per cent. by LetterOne following registration with the commercial register (*Handelsregister*);
"Target Company CPR"	the competent person's report prepared by D&M in respect of the Target Company;
"Target Company Group"	Wintershall Dea Global Holding GmbH, together with each of its subsidiaries and subsidiary undertakings from time to time and, following registration of the Spin-off with the commercial register (*Handelsregister*) of Wintershall Dea (which will occur on or prior to Completion) means the Target Company together with its subsidiaries and subsidiary undertakings from time to time;
"Target Portfolio"	substantially all of Wintershall Dea's upstream oil and gas assets, including those in Norway, Germany, Denmark, Argentina, Mexico, Egypt, Libya and Algeria as well as Wintershall Dea's CO_2 CCS licences in Europe;
"TSA"	the transitional services agreement entered into on 19 April 2024 between the Company and Wintershall Dea pursuant to which Wintershall Dea provides transitional support services to the Company;
"UKCS"	the UK Continental Shelf;
"UK Market Abuse Regulation"	Regulation (EU) No. 594/2014 of the European Parliament and the Council of 16 April 2014 on market abuse, as it forms part of as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018;
"Uncertificated" or "in uncertificated form"	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form that is, in CREST and title to which may be transferred by using CREST;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction;
"USD", "US$" or "US dollar"	the lawful currency of the United States;
"WDCMS"	Wintershall Dea Carbon Management Solutions B.V.;
"WDME"	Wintershall Dea Middle East GmbH;

"**WD 2023 Annual Report 2023**"	Wintershall Dea's annual report for its 2023 fiscal year;
"**Wintershall Dea**"	Wintershall Dea AG; and
"**Wintershall Dea Bonds**"	the Senior Notes and the Subordinated Notes.

The technical terms relating to the Target Company CPR shall bear the meaning ascribed to them in the Definitions and Interpretation section of the Prospectus, which is incorporated by reference into this Circular (see paragraph 16 (*Information Incorporated by Reference*) of Part VIII (*Additional Information*).

PART X—NOTICE OF GENERAL MEETING

HARBOUR ENERGY PLC

(Incorporated and registered in Scotland with registered number SC234781)

NOTICE IS HEREBY GIVEN that a general meeting of Harbour Energy plc (the "**Company**") will be held at Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ on Friday, 5 July 2024 at 10.00 a.m. (the "**General Meeting**") for the purposes of considering and, if thought fit, passing the following ordinary resolutions (the "**Resolutions**").

This Notice of General Meeting concerns matters described in a circular to shareholders of the Company dated 12 June 2024 (the "**Circular**"). Words and expressions defined in the Circular have the same meaning when used in this Notice of General Meeting.

ORDINARY RESOLUTIONS

1. **THAT:**

   (i) the proposed acquisition of the Target Company by the Company on the terms and subject to the conditions set out in the Business Combination Agreement; and

   (ii) all other associated agreements and ancillary arrangements contemplated by or relating to the Business Combination Agreement or the Acquisition,

   in each case be and are hereby approved and that the directors of the Company (or any duly constituted committee of the directors of the Company) be and are hereby authorised to take all such steps as may be necessary, expedient or desirable in relation thereto and to carry the same into effect with such modifications, variations, revisions or amendments (provided such modifications, variations, revisions or amendments are not of a material nature for the purposes of Listing Rule 10.5.2) as they shall deem necessary, expedient or desirable.

2. **THAT** the waiver granted by the Takeover Panel of the obligation that would otherwise arise pursuant to Rule 9 of the Takeover Code on BASF or any person acting in concert with it to make an offer for the entire issued share capital of the Company as a result of:

   (i) the issue to BASF of the BASF Consideration Shares, pursuant to the Business Combination Agreement; and/or

   (ii) any increase in the percentage of shares in the Company in which BASF or any person acting in concert with it is interested resulting from the exercise by the Company of any or all of the Buyback Authority,

   be and is hereby approved, subject to, in the case of (ii) only: (a) such approval expiring at the conclusion of the first annual general meeting of the Company that takes place after Completion, and (b) BASF being interested in a maximum of 50.56 per cent. of the issued share capital of the Company excluding treasury shares.

3. **THAT**, subject to and conditional upon the passing of Resolution 1 above, the Company's directors be and are hereby generally and unconditionally authorised, without prejudice to the authority conferred on the directors of the Company at the last annual general meeting of the Company, to exercise all powers of the Company in accordance with section 551 of the Companies Act 2006 to allot shares in the Company (including Non-Voting Shares (as defined below)) and to grant rights to subscribe for or to convert any security into such shares (including Non-Voting Shares) (all of which transactions are hereafter referred to as an allotment of "**relevant securities**") up to an aggregate nominal amount of £18,424.0448 in connection with the Acquisition, such power to apply until close of business on 1 January 2026 unless previously renewed, varied or revoked by the Company in general meeting, but in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require relevant securities to be allotted (including Non-Voting Shares) after the authority expires and the directors of the Company may allot relevant securities (including Non-Voting Shares) under any such offer or agreement as if the authority had not expired. For the purpose of this Resolution 3, "**Non-Voting Shares**" means Non-Voting Shares of 0.002 pence each in the Company on the terms and having the rights, and being subject to the restrictions, set out in the Annex to this Notice of General Meeting.

By order of the Board:

Rachel Rickard
Company Secretary

Harbour Energy plc
4th Floor Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

12 June 2024

Notes to the Notice of General Meeting

Attending the General Meeting

To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6.30 p.m. on Wednesday, 3 July 2024 (or, in the event of any adjournment, 6.30 p.m. on the date which is two days (excluding any part of a day that is not a working day) before the time of the adjourned General Meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting, or any adjournment thereof.

For those attending the General Meeting in person, registration will open at 9.00 a.m. The safety of the Company's shareholders is its main priority. The Company will not permit behaviour that may interfere with anyone's security or safety or the good order of the General Meeting. Anyone who does not comply may be removed from the General Meeting. There will be a security check in the reception area at the venue, and a routine bag search will be undertaken. The use of electrical equipment and cameras will not be permitted during the General Meeting.

Shareholder Participation

In accordance with the Companies Act 2006 (the "**Act**"), any member attending the General Meeting has the right to ask questions.

There will be a Question-and-Answer session during the General Meeting where some of the Directors will be available to take questions relevant to the business of the General Meeting. You are also able to submit questions ahead of the General Meeting by email to investor.relations@harbourenergy.com by 5:00 pm on Friday, 21 June 2024. You will need to include your Shareholder Reference Number along with your questions. Answers to key questions raised in relation to the General Meeting will be published in the General Meeting section of the Company's website at harbourenergy.com/investors/shareholder-information by 12:00 p.m. on Friday, 28 June 2024.

The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (i) to do so would involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

Poll

In order to comply with the Takeover Code, Resolution 2 will be taken on a poll of the Company's independent shareholders.

Appointment of proxies

Your Board strongly encourages you to vote electronically or to appoint the Chair of the General Meeting as your proxy. You can cast your vote online at sharevote.co.uk or by post using the Form of Proxy if you have been sent one. Further details regarding proxy voting can be found below.

Members are entitled to appoint one or more proxies (who need not be a member of the Company) to exercise all or any of their rights to attend, speak and vote at the General Meeting. The Company's articles of association provide that:

- a member appoints more than one proxy and the proxy forms appointing those proxies would give those proxies the apparent right to exercise votes on behalf of the member in a general meeting over more shares than are held by the member, then each of those proxy forms will be invalid and none of the proxies so appointed will be entitled to vote at the relevant general meeting; and
- if a member submits more than one valid proxy appointment in respect of the same share, the appointment received last (regardless of its date or the date on which it is signed) before the latest time for the receipt of proxies will take precedence. If it is not possible to determine the order of receipt, none of the forms will be treated as valid.

A vote withheld is not a vote in law, which means that the vote will not be counted in the proportion of votes "for" and "against" a Resolution. Where a proxy has been appointed by a member, if such member does not give any instructions in relation to that Resolution that member should note that their proxy will have authority to vote on the Resolution as they think fit.

Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the proxy form. In the case of a member which is a company, the form of proxy should either be sealed by that company or signed by someone authorised to sign it.

A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact the Company's registrar, Equiniti, on +44 (0)371 384 2030.

Appointing a proxy does not preclude you from attending the General Meeting and voting in person on any matters in respect of which the proxy or proxies is or are appointed. In the event that you are able to, and to the extent that you personally vote your shares, your proxy shall not be entitled to vote and any vote cast by your proxy in such circumstances shall be ignored.

To be valid, forms of proxy must be lodged by one of the following methods by 10.00 a.m. on Wednesday, 3 July 2024:

(i) in hard copy form by post to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;

(ii) in the case of CREST members or CREST personal members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below;

(iii) in the case of institutional investors you may utilise the Proxymity platform as set out below; or

(iv) by submitting your proxy appointment electronically via the internet at sharevote.co.uk.

CREST members

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual (available via euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar Equiniti (ID: RA19) by 10.00 a.m. on Wednesday, 3 July 2024.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Harbour Energy's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat an instruction as invalid in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Proxymity platform

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10.00 a.m. on Wednesday, 3 July 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

Nominated persons and information rights

Any person to whom this Notice of General Meeting is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "**Nominated Person**") may, under an agreement between them and the shareholder by whom he/she was nominated, have a right to appoint the Chair of the General Meeting as their proxy for the General Meeting.

If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. However, the statement of the rights of Shareholders in relation to the appointment of proxies described above does not apply to Nominated Persons. The rights described in those sections can only be exercised by Shareholders.

Joint holders and corporate representatives

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior). Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member **provided that** they do not do so in relation to the same shares.

Share capital

As at 7 June 2024 (the "**Latest Practicable Date**"), the Company's issued Ordinary Share capital consisted of 770,377,712 Ordinary Shares, carrying one vote each. Therefore the total voting rights in the Company as at the Latest Practicable Date were 770,377,712. The Company does not currently hold any shares in treasury.

Queries and access to information

Except as provided above, members who have general queries about the General Meeting should call Equiniti's shareholder helpline on +44 (0)371 384 2030 (no other methods of communication will be accepted). You may not use any electronic address provided either (a) in this Notice of General Meeting, or (b) in any related documents (including the Letter from the Chair and Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice of General Meeting, and other information required by section 311A of the Act, can be found at www.harbourenergy.com.

Processing of personal data

The Company may process the personal data of attendees at the General Meeting. This may include audio recordings as well as other forms of personal data. The Company shall process any such personal data in accordance with its Privacy notice available on the Company's website.

ANNEX

1. **INTERPRETATION**

For the purposes of the rights and restrictions attaching to the Non-Voting Shares:

"**Act**" means the Companies Act 2006, as amended from time to time;

"**Adjustment Event**" means:

(a) any allotment or issue of Ordinary Shares (or other relevant securities in the capital of the Company, but excluding any Deferred Shares) by the Company by way of capitalisation of profits or reserves (including share premium account and any capital redemption reserve); or

(b) any sub-division or consolidation of Ordinary Shares (or other relevant securities in the capital of the Company, but excluding any Deferred Shares) by the Company;

"**Affiliates**" means:

(a) in relation to any person, any entity that controls, or is controlled by, or that is under common control with, that person;

(b) any Fund Vehicle in respect of which a person or any entity within paragraph (a) above is the general partner and/or principal adviser or in respect of which any person or any entity within paragraph (a) above is the principal manager of its assets; or

(c) any entity controlled by any Fund Vehicle, **provided that** a person or any entity within paragraph (a) above is the general partner of, the principal adviser to, or the principal manager of, such Fund Vehicle,

on the basis that: (x) **adviser** means, in relation to a Fund Vehicle, an entity that provides advisory services in relation to the management of investments and/or assets of such Fund Vehicle which are substantially the same as the services which would be provided by an investment or asset manager of an entity; and (y) **manager** means, in relation to a Fund Vehicle, an entity that manages investments and/or assets of the relevant Fund Vehicle, **provided that** the services provided by such entity are substantially the same as the services which would be provided by an investment or asset manager of an entity;

"**Applicable Law**" means, in respect of a person, all applicable civil and common law, statute, subordinate legislation, treaty, regulations, directive, decision, by-law, ordinance, code, policy, regulatory licence, regulatory consent, direction, request, order, decree, injunction or judgment of any competent Regulatory Authority to which it is subject and by which it is;

"**Articles**" means the articles of association of the Company;

"**Board**" means the board of directors of the Company;

"**Business Day**" means a day other than a Saturday, Sunday or public holiday on which banks are open for general banking business in England and Luxembourg;

"**Change of Control**" means the acquisition by any person (other than the holder of Non-Voting Shares or any persons acting in concert (as such term is defined in the Code) with it) of an interest in shares in the Company which (when taken together with shares in which that person and any persons acting in concert with it are interested) carry more than 50 per cent. of the voting rights exercisable by members of the Company on a poll in general meeting and, without prejudice to the generality of the foregoing, if such an acquisition is effected by means of a:

(a) scheme of arrangement under Part 26 of the Act, a Change of Control shall take place at the point at which the scheme of arrangement becomes effective; and

(b) takeover offer under Part 28 of the Act, a Change of Control shall take place at the point at which the takeover offer becomes unconditional in all respects;

For the avoidance of doubt, a person will not be deemed to have "acquired" an interest in shares carrying voting rights by virtue of:

(a) the issue by the Company of new shares to that person or to a person acting in concert with that person;

(b) the purchase or redemption by the Company of its own shares in accordance with the Act, with a commensurate increase in the proportion of voting rights held by that person; or

(c) by virtue of a change in identity of those persons that are acting in concert with that person from time to time,

provided that, in each case, this is not also accompanied by another connected transaction in which an interest in shares in the Company is acquired;

"**Code**" means the City Code on Takeovers and Mergers, as amended from time to time;

"**Company**" means Harbour Energy plc, a company incorporated and registered in Scotland with registered number SC234781;

"**Conversion Conditions**" means the following conditions to conversion of the Non-Voting Shares:

(a) each of the (direct or indirect) shareholders of the relevant Non-Voting Shareholder ceases to be a Sanctioned Person (**provided that** the relevant Non-Voting Shareholder is also not a Sanctioned Person); and

(b) either:

  (i) the relevant Non-Voting Shareholder confirming (after having taken written advice from external legal counsel and consulted in good faith with the Company), that it is reasonably satisfied that the conversion of the relevant Non-Voting Shares into Ordinary Shares does not require any (A) authorisation from any Regulatory Authority under any relevant foreign investment or national security legislation, or mandatory and/or suspensory merger control, antitrust or competition laws, or (B) mandatory and/or suspensory Sector Regulatory Consent; or

  (ii) if the relevant Non-Voting Shareholder reasonably considers (after having taken written advice from external legal counsel and consulted in good faith with the Company), that (A) an authorisation from any Regulatory Authority under any relevant foreign investment or national security legislation, or a mandatory and/or suspensory authorisation from any Regulatory Authority under merger control, antitrust or competition laws, or (B) a mandatory and/or suspensory Sector Regulatory Consent, in each case is required in respect of the conversion of the relevant Non-Voting Shares into Ordinary Shares, the receipt of such authorisation on terms reasonably satisfactory to the relevant Non-Voting Shareholder and the Company;

"**Conversion Notice**" has the meaning given in paragraph 6.1 below;

"**Conversion Ratio**" means:

(a) 1; or

(b) if an Adjustment Event has occurred, a number such that the number of Ordinary Shares that the Non-Voting Shares convert into equals the same percentage of the share capital of the Company and such Ordinary Shares carrying the same proportion of votes exercisable at a general meeting of the shareholders of the Company, the same entitlement to participate in distributions of the Company and the same rights in respect of holders of Ordinary Shares, in each case as nearly as practicable, as would have been the case had no Adjustment Event occurred;

"**CREST**" means the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 / 3755)) in respect of which Euroclear UK & International Limited is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form;

"**Deferred Shares**" means the non-voting deferred shares of the Company as defined in the Articles;

"**Delisting**" means the cancellation of the listing of the Ordinary Shares on the Official List and the trading of the Ordinary Shares on the main market for listed securities of the London Stock Exchange;

"**Distribution Amount**" has the meaning given in paragraph 8 below;

"**Economic Sanctions Law**" means any law, rule, regulation, judgment, order, or other measure relating to economic or financial sanctions administered, implemented or enforced by any Sanctions Authority;

"**FCA**" means the Financial Conduct Authority acting in its capacity as the competent authority for listing in the United Kingdom for the purposes of Part VI of FSMA;

"**FSMA**" means the UK Financial Services and Markets Act 2000, as amended;

"**Fully Diluted Share Capital**" means the number of Ordinary Shares in issue at the relevant time calculated on the basis that all Non-Voting Shares in issue at such time shall have converted into Ordinary Shares at the Conversion Ratio;

"**Fund Vehicle**" means: (a) any unit, trust, limited partnership or fund; or (b) any corporate entity, the primary purpose of which is the aggregation of investments;

"**Group Company**" means the Company or any subsidiary undertaking of the Company from time to time and Group shall be construed accordingly;

"**Institutional Investor**" means any fund, partnership, body corporate, trust or other person or entity whose principal business is to make investments or a person whose business is to make, manage or advise upon investments for any of the foregoing;

"**LetterOne**" means L1 Energy Capital Management Services s.à r.l.;

"**LetterOne Extended Group**" means LetterOne Investment Holdings S.A. and LetterOne Holdings S.A. or an undertaking which is, from time to time, a subsidiary undertaking of LetterOne Investment Holdings S.A. or LetterOne Holdings S.A.;

"**LetterOne Relationship Agreement**" means the relationship agreement between LetterOne and the Company;

"**LetterOne Standstill Agreement**" means the standstill agreement between LetterOne and the Company;

"**LetterOne Topco**" means LetterOne Holdings S.A.;

"**Listing Rules**" means the listing rules published by the FCA under Part VI of FSMA;

"**London Stock Exchange**" means the London Stock Exchange plc;

"**Market Sale**" means the sale of Non-Voting Shares (whether on a public, private, bilateral or block trade basis) which upon completion of such sale will be redesignated as Ordinary Shares at the same, or substantially the same, time of transfer to, and receipt by, the Market Sale Placees;

"**Market Sale Placees**" means any person procured by or on behalf of a Non-Voting Shareholder to purchase Ordinary Shares pursuant to a Market Sale;

"**Non-Voting Shareholder**" means a holder of Non-Voting Shares;

"**Non-Voting Shares**" means ordinary shares of 0.002 pence each in the issued share capital of the Company from time to time, having the rights and being subject to the restrictions set out herein;

"**Official List**" means the official list maintained by the FCA;

"**Ordinary Shares**" means ordinary shares of 0.002 pence each in the issued share capital of the Company (or such nominal amount as adjusted by an Adjustment Event if applicable), but, for the avoidance of doubt, does not include Non-Voting Shares;

"**Outstanding Non-Voting Preference Amount**" means an amount equal to the number of Non-Voting Shares in issue at the time that such amount is required to be calculated multiplied by the Per Non-Voting Share Preference Amount;

"**Per Non-Voting Share Preference Amount**" shall mean an amount equal to £2.79;

"**Permitted Transferees**" means:

(a) any Institutional Investor; or

(b) any other person or entity in respect of which the Company has completed reasonable and customary know-your-customer verification and in respect of which the Company has provided its prior written consent (not to be unreasonably withheld or delayed); or

(c) any Affiliate of LetterOne and LetterOne TopCo; or

(d) (**provided that** LetterOne Investment Holdings S.A. has, at all times, the same shareholders as LetterOne Topco and is, and remains, under the same ultimate beneficial ownership as LetterOne Topco) any other member of the LetterOne Extended Group;

"**Regulatory Authority**" means any national, state, municipal or local or any supranational or other governmental, quasi-governmental (including a national oil or energy company), administrative, trade, antitrust or regulatory authority, agency, body or commission, or any court, tribunal, or judicial or arbitral body, including, for the avoidance of doubt, any Tax Authority;

"**Sanctioned Non-Voting Shareholder**" has the meaning given to it in paragraph 2 below;

"**Sanctioned Person**" means any person or entity:

(a) listed on any list of restricted entities, individuals or organisations (or equivalent) subject to asset freezing measures published by any Sanctions Authority (a "**Listed Person**");

(b) that is: (i) owned in the aggregate (directly or indirectly) as to 50 per cent. or more by; or (ii) controlled (as defined by the relevant Economic Sanctions Law or in guidance issued by a Sanctions Authority) by, any Listed Person (or a person acting on behalf of such Listed Person) where such owned or controlled person is, by virtue of applicable Economic Sanctions Law, subject to the same or substantially equivalent prohibitions or restrictions as a Listed Person;

(c) located or resident in, incorporated or organised under the laws of a Sanctioned Territory or acting on behalf of or at the direction of such a person; or

(d) that is otherwise a person with whom transactions are prohibited under any Economic Sanctions Law;

"**Sanctioned Territory**" means at any time, a country or territory that is the subject of comprehensive country-wide or territory-wide Economic Sanctions Laws, comprising as of the date hereof, Cuba, Crimea region of Ukraine, Iran, North Korea, Syria, the so-called Luhansk People's Republic and the so-called Donetsk People's Republic;

"**Sanctions Authority**" means, in respect of the jurisdictions set out below, any official institution, agency or person which is duly appointed, empowered, or authorised to enact, administer, implement and/or enforce Economic Sanctions Law:

(a) the United States of America (including the Office of Foreign Assets Control, the United States Department of State and the United States Department of Commerce);

(b) the Security Council of the United Nations;

(c) the European Union and its Member States; and

(d) the United Kingdom (including His Majesty's Treasury);

"**Sector Regulatory Consents**" means any authorisations, consents, permissions, and approvals required under (a) the Applicable Law of any Regulatory Authority with jurisdiction in respect of the petroleum assets and/or the production licences owned by any Group Company, and/or (b) the key licence, concession agreement or petroleum sharing contract which grants the relevant Group Company title to its petroleum assets or production licences (respectively);

"**Tax**" or "**Taxes**" means: (i) any taxes within the meaning of section 3 of the German General Tax Code (AO), withholding taxes and social security contributions; and respective taxes, withholding taxes and social security contributions and any other form of taxation, levy, duty, charge, contribution, withholding or impost in the nature of taxation under the laws of any other jurisdiction; (ii) any penalties, fines, interest and other ancillary charges, and surcharge on any of the Taxes as set forth in (i); and (iii) any of the aforementioned listed payments imposed as a secondary liability (*Haftungsschuld*) or contractual liability (e.g. under a tax sharing or allocation agreement); but excluding, for the avoidance of doubt, deferred taxes and/or, unless specifically provided otherwise in this Agreement and excluding any notional tax losses (such as reductions of loss carry forwards or future depreciation);

"**Tax Authority**" means any governmental or other authority, agency or body responsible for the assessment, imposition, collection or administration of any Tax; and

"**UK Prospectus Regulation**" means the Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 and as amended and in force from time to time and any legislation that (either with or without modification) re-enacts, consolidates or enacts in rewritten form any such regulation.

2. INCOME

On a distribution, whether by cash dividend, dividend *in specie*, scrip dividend, capitalisation issue or otherwise, each Non-Voting Share shall be entitled to receive an amount equal to a 13 per cent. premium to the amount of any such distribution in respect of each Ordinary Share. If any of the Non-Voting Shareholders is a Sanctioned Person (the "**Sanctioned Non-Voting Shareholder**"), any amounts otherwise due in relation to the relevant Non-Voting Shares of such Sanctioned Non-Voting Shareholder shall, subject to Applicable Law, be held on trust for such holder until such time as they no longer constitute a Sanctioned Person.

3. VOTING

3.1 A holder of Non-Voting Shares shall not be entitled, in its capacity as a holder of such Non-Voting Shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting, unless the business of the meeting includes the consideration of a resolution to:

(a) wind up the Company; or

(b) re-register the Company as a private company.

3.2 If any holder of Non-Voting Shares is entitled to vote at a general meeting of the Company in its capacity as a holder of such Non-Voting Shares, then such holder shall be entitled to: (i) on a poll, one vote for each Ordinary Share that would be held by the holder of such Non-Voting Shares if they had converted into Ordinary Shares at the Conversion Ratio immediately prior to such general meeting; and (ii) on a show of hands one vote per resolution proposed.

4. CLASS RIGHTS

4.1 No variation of the rights attaching to the Non-Voting Shares shall be effective except with the sanction of a special resolution of the holders of the Non-Voting Shares. Where a special resolution to vary the rights attaching to the Non-Voting Shares is proposed at a separate general meeting of the holders of Non-Voting Shares, all the provisions of the Articles as to general meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be the holders of the Non-Voting Shares (representing more than 50 per cent. of the Non-Voting Shares) present in person or by proxy or (being a corporation) by a duly authorised representative. For these purposes, one holder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting.

4.2 Each of the following shall be deemed to constitute a variation of the rights attached to the Non-Voting Shares (which shall not be an exhaustive list):

(a) changes to the dividend, distributions, income, voting, capital or other rights attached to the Non-Voting Shares;

(b) any amendment to the Articles in order to vary or remove the rights attached to the Non-Voting Shares;

(c) issuances of further Non-Voting Shares or any other shares ranking *pari passu* or in priority to the Non-Voting Shares (other than any other shares with fixed rights to dividends that rank ahead of the dividend rights attaching to the Non-Voting Shares but which otherwise rank in all respects behind the Non-Voting Shares, including on a liquidation or winding-up);

(d) other than in respect of the conversion of any or all of the Non-Voting Shares into Ordinary Shares pursuant to paragraph 6, any amalgamation into one class of shares of the Non-Voting Shares and the Ordinary Shares or sub-divide Non-Voting Shares into shares of different classes or of different denominations; and

(e) any distribution of the assets of the Company (in money or in kind) in or before liquidation.

5. NO DEEMED VARIATION

5.1 The rights attaching to the Non-Voting Shares shall not be, and shall not be deemed to be, varied or abrogated in any way by:

(a) the creation, allotment or issue of any Ordinary Shares; or

(b) the purchase by the Company or cancellation of any Ordinary Shares.

6. VOLUNTARY CONVERSION

6.1 Subject to paragraph 6.2, a Non-Voting Shareholder shall be entitled, by serving a conversion notice (on one or more occasions, **provided that** each such notice shall be: (i) for a minimum denomination of 25,000,000 Non-Voting Shares; or (ii) if less than 25,000,000 Non-Voting Shares remain in issue, for all remaining Non-Voting Shares) (a "**Conversion Notice**") on the Company at its registered office, to require the Company to convert such amount of the Non-Voting Shares, held by such Non-Voting Shareholder as is stated in the Conversion Notice, into Ordinary Shares (with all the rights attaching to the same) at the Conversion Ratio and, following receipt of any such Conversion Notice, the Company shall be obliged to implement such conversion in accordance with the terms of, and subject to the conditions set out in, paragraphs 6.2 to 6.6 below.

6.2 A Conversion Notice may be served by a Non-Voting Shareholder:

(a) 6.2.1 in conjunction with a Market Sale (or proposed Market Sale), at any time, **provided that** at the time of service of such Conversion Notice the Non-Voting Shareholder confirms to the Company its good faith intention to implement a Market Sale; or

(b) 6.2.2 in any other case, **provided that** the Conversion Conditions have been satisfied at such time,

and shall specify:

(1) the number of Non-Voting Shares subject to such Conversion Notice;

(2) whether it is electing for the conversion of the Non-Voting Shares to occur as a result of the Conversion Conditions having been satisfied or in conjunction with a Market Sale; and

(3) whether it wishes to hold the Ordinary Shares arising on conversion of the Non-Voting Shares in certificated form or in uncertificated form through CREST and, if such Ordinary Shares are to be held in uncertificated form through CREST, the details of the relevant CREST account for such purposes.

6.3 Following receipt by the Company of a Conversion Notice:

(a) the Company undertakes that it shall promptly, and in any event within two (2) Business Days of receipt of such Conversion Notice notify the relevant Non-Voting Shareholder whether the conversion of the Non-Voting Shares into Ordinary Shares can be implemented without publication of a prospectus (a "**Prospectus**") under the UK Prospectus Regulation;

(b) if the conversion of the Non-Voting Shares into Ordinary Shares can be implemented without publication of a Prospectus:

(A) the Non-Voting Shares subject to such Conversion Notice shall automatically convert into Ordinary Shares on the date falling three (3) Business Days after the date of such Conversion Notice; and

(B) the Company undertakes that it shall procure that such Ordinary Shares are (if not already so admitted) admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities (or any other market that the Ordinary Shares are admitted to trading on),

provided that in the case of a Conversion Notice relating to a Market Sale, such conversion into Ordinary Shares shall take place at the same or substantially the same time as transfer to, and receipt by, the Market Sale Placees; and

(c) if the conversion of the Non-Voting Shares into Ordinary Shares cannot be implemented without publication of a Prospectus, the Company undertakes that it shall prepare a Prospectus and obtain approval of such Prospectus by the FCA as soon as reasonably practicable and in any event by no later than eight (8) weeks following receipt by the Company of the relevant Conversion Notice and:

(A) the Company shall keep the relevant Non-Voting Shareholder reasonably informed of the progress of the process for approval of the Prospectus;

(B) the Company shall notify the Non-Voting Shareholder at least five (5) Business Days prior to approval of the Prospectus (a "**Prospectus Approval Notice**");

(C) the relevant Non-Voting Shareholder that served such Conversion Notice shall be entitled by notice to the Company at any time prior to the date falling four (4) Business Days after the date of the Prospectus Approval Notice, to:

(D) withdraw its Conversion Notice whereupon it shall (notwithstanding any other term of the Non-Voting Shares) be deemed never to have served such Conversion Notice for the purposes of the terms of the Non-Voting Shares; or

(E) reduce the number of Non-Voting Shares to be converted pursuant to such Conversion Notice provided any such reduction is made in good faith with the objective of consummating a Market Sale ("**Reduced Notice**") (and any Non-Voting Shares that are not subject of the Reduced Notice shall (notwithstanding any other term of the Non-Voting Shares) be deemed never to have been subject of the Conversion Notice);

(d) the Non-Voting Shares that are subject to such Conversion Notice shall automatically convert into Ordinary Shares on the date on which the Prospectus is published, **provided that** in the case of a Conversion Notice relating to a Market Sale, such conversion into Ordinary Shares shall take place at the same or substantially the same time as transfer to, and receipt by, the Market Sale Placees; and

(e) the Company shall promptly (and in any event within ten (10) Business Days) following receipt of such approval (subject to paragraph 6.3(c)(C)) procure that such Ordinary Shares are (if not already so admitted) admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities (or any other market that the Ordinary Shares are admitted to trading on).

6.4 Once a Conversion Notice has been served, the relevant Non-Voting Shareholder shall be deemed to approve the re-designation of Non-Voting Shares subject to such Conversion Notice and to consent to any variation or abrogation of its rights as may be occasioned by such re-designation.

6.5 Where the Ordinary Shares arising on conversion of the Non-Voting Shares are to be held in certificated form, within ten (10) Business Days of the conversion of the Non-Voting Shares into Ordinary Shares, the Company shall forward to the relevant Non-Voting Shareholder or the Market Sale Placees (in the case of completion of a Market Sale), free of charge, a definitive certificate for the appropriate number of fully paid up Ordinary Shares and a new certificate for any unconverted Non-Voting Shares comprised in the certificate surrendered by it. Pending the despatch of definitive certificates, transfers shall be certified against the register of members of the Company.

6.6 Where the Ordinary Shares arising on conversion of the Non-Voting Shares are to be held in uncertificated form, the Company shall ensure that the appropriate number of Ordinary Shares are delivered, within ten (10) Business Days of the conversion of the Non-Voting Shares, to the CREST account specified by the Non-Voting Shareholder in the relevant Conversion Notice or the Market Sale Placees (in the case of completion of a Market Sale). If the Ordinary Shares are no longer a participating security in CREST, the provisions of paragraph 7 and this paragraph 6 shall apply *mutatis mutandis* to any clearing system through which the Ordinary Shares are then held in dematerialised form.

7. CONVERSION ON CHANGE OF CONTROL OR DELISTING

7.1 Subject to paragraph 7.2, the Company shall procure that in connection with any Change of Control or Delisting:

(a) all Non-Voting Shares shall automatically convert into Ordinary Shares (at the Conversion Ratio) immediately prior to any Change of Control or Delisting; and

(b) in the case of a Change of Control, the holders of Ordinary Shares resulting from the conversion of Non-Voting Shares referred to above shall be entitled to receive on such Change of Control the same consideration as the other holders of Ordinary Shares are entitled to receive in connection with such Change of Control (including (i) if applicable, any rights to elect the form of consideration receivable and (ii) all other rights to which holders of Ordinary Shares are entitled on such Change of Control).

7.2 In relation to any Sanctioned Non-Voting Shareholder, paragraph 7.1 above shall not apply and the Company shall procure that:

(a) subject to Applicable Law: (i) each Non-Voting Share of such Sanctioned Non-Voting Shareholder shall automatically convert into Ordinary Shares immediately prior to any Change of Control or Delisting; and (ii) the equivalent consideration that would otherwise have been due to such Sanctioned Non-Voting Shareholder (together with any subsequent distributions (if any) relating thereto) shall be held on trust for each such Sanctioned Non-Voting Shareholder until such time as such holder no longer constitutes a Sanctioned Person; or

(b) in any other circumstances, on a Change of Control or Delisting, each Sanctioned Non-Voting Shareholder shall receive, for each Non-Voting Share, an instrument of equivalent value and with equivalent economic, governance and other rights (including rights on a liquidation or winding up) as each Non-Voting Share and which will give the Sanctioned Non-Voting Shareholder (taken together) equivalent economic, governance and other rights (including rights on a liquidation or winding up) as are held by the holders of Non-Voting Shares (taken together) prior to the relevant Change of Control or Delisting.

7.3 On a Change of Control or Delisting, the relevant Non-Voting Shareholder shall be deemed to approve the re-designation of Non-Voting Shares and to consent to any variation or abrogation of its rights as may be occasioned by such re-designation.

8. LIQUIDATION

The Company will procure that on any liquidation or winding up, the assets of the Company remaining after the payment of its liabilities (the "**Distribution Amount**") shall be applied as follows:

8.1 if the Distribution Amount is less than or equal to the Outstanding Non-Voting Preference Amount, the Distribution Amount shall be applied, in priority to any other payment to holders of shares in the Company, in paying an amount per Non-Voting Share equal to the Distribution Amount divided by the number of Non-Voting Shares in issue at such time; or

8.2 if the Distribution Amount is greater than the Outstanding Non-Voting Preference Amount, an amount per Non-Voting Share equal to the higher of:

(a) the Per Non-Voting Share Preference Amount; and

(b) an amount equal to:

(Distribution Amount / Fully Diluted Share Capital)* by the Conversion Ratio.

and no payment shall be made in respect of any Ordinary Share or other share that is not a Non-Voting Share until the amount due to the holders of Non-Voting Shares pursuant to the foregoing provisions of sub-paragraph 8.2 has been paid in full.

9. TRANSFER/LISTING

9.1 Other than as set out in paragraph 6, the Non-Voting Shares shall be non-transferrable. No admission to listing or admission to trading shall be sought for the Non-Voting Shares to the extent that they remain Non-Voting Shares.

9.2 The Non-Voting Shares shall be transferrable to Permitted Transferees, **provided that** if the Non-Voting Shares are transferred to a member of the LetterOne Extended Group, such member shall, if required by the Company, accede to the LetterOne Relationship Agreement and the LetterOne Standstill Agreement.

9.3 To the extent that certain Non-Voting Shares are transferred to a member of the LetterOne Extended Group that is not an Affiliate of LetterOne or LetterOne TopCo, in the event that such Permitted Transferee ceases to be under the same ultimate beneficial ownership as LetterOne TopCo, the Permitted Transferee shall, prior to such cessation either: (a) enable the Company to complete reasonable and customary know-your-customer verification and provide its prior written consent (not to be unreasonably withheld or delayed) to the relevant Permitted Transferee retaining the Non-Voting Shares, or (b) immediately transfer the relevant Non-Voting Shares to a LetterOne Affiliate or to another Permitted Transferee.

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