KISTOS
ENERGY IN TRANSITION

Kistos plc

2022 Interim Report

Highlights

On 31 January 2022, Kistos announced that it had agreed to acquire from TotalEnergies E&P UK (TEPUK) a 20% working interest in the fields that comprise the Greater Laggan Area (GLA), as well as interests in certain associated exploration prospects. With an effective date of 1 January 2022, the transaction more than doubled Kistos' production to 12.4 kboe/d on a pro forma basis in the first half of 2022.

In the meantime, output from the Kistos-operated Q10-A field in the Dutch sector of the North Sea benefited from the drilling and workover campaign we conducted between July 2021 and February 2022. Average daily production net to Kistos' 60% interest in the field was 6.1 kboe/d in the six months to 30 June 2022 or 5% higher than the equivalent six-month period a year earlier.

Scope 1 emissions from the Q10-A platform remain industry leading at approximately 1 gram of CO_2e/boe. This follows the 2021 upgrade of the wind turbines on the renewably powered facility, which is also fitted with solar panels and is only visited by boat.

Our business in the Netherlands benefited from higher gas prices in the first half of 2022, with average realisations of €83.55/MWh versus €20.71/MWh in the 6 months to 30 June 2021. Including pro forma realisations from the GLA, average realisations for the period were €82.65/MWh. On an oil equivalent basis, we estimate our pro forma revenue from Q10-A and GLA averaged US$151.2/boe.

Kistos remains well-funded. The Group exited 2021 with cash of €77.3MM offset by €150.0MM of Nordic Bonds issued by Kistos NL2. After buying back €27.7MM of those bonds in February 2022, Kistos exited the half year with total cash of €148.4MM and outstanding Nordic Bonds of €122.3MM (net). After making the completion payment for the GLA acquisition and undertaking a planned maintenance shutdown at Q10-A, the Group's cash balances on 31 August were €153.6MM, meaning the Company had net cash of €31.3MM at that date.

Given this financial strength and in line with its strategy, the Group continues to evaluate several business development opportunities in the energy security and transition spaces.

Pro forma[1] unaudited highlights for six months ended 30 June 2022

		H1 2022	H1 2021[4]	Change %
Pro forma gas production	MM Nm³	320	156	+105%
Pro forma gas production	'000 MWh	3,724	1,770	+110%
Pro forma revenue	€'000	285,109	33,740	+745%
Pro forma unit opex[2]	€/MWh	5.56	2.49	+123%
Pro forma Adjusted EBITDA[2,3]	€'000	260,987	30,057	+768%
Pro forma average realised gas price	€/MWh	82.65	20.71	+299%

1. Pro forma figures include the GLA as if it had been acquired on 1 January 2022. The acquisition completed on 10 July 2022. Pro forma figures for H1 2021 include six months of Kistos NL1 and Kistos NL2 and 37 weeks of Kistos plc since incorporation.
2. Non-IFRS measure. Refer to the definition within the glossary.
3. Adjusted EBITDA is calculated on a business performance basis. Refer to the definition within the glossary.
4. Comparative figures for production, unit opex, Adjusted EBITDA and average realised gas price have been restated to align with the production reporting methodology and classification of operating costs as presented in the audited full-year 2021 Annual Report.

Outlook

Kistos' outlook has been transformed by the acquisition of a 20% interest in the GLA, which completed on 10 July 2022. This group of assets is contributing over half of the Company's current output and the initial acquisition cost (US$125.0MM on the effective economic date of 1 January 2022) is expected to be recovered from gas produced in the first eight months of the year. Importantly, this acquisition – like our acquisition in the Netherlands before it – offers significant upside potential for stakeholders.

We are looking forward to participating in an exploration well on the Benriach prospect (Kistos 25%), which has the potential to contain gross recoverable resources of 638 Bcf (P50 operator's estimate) and is close to existing producing infrastructure. In the meantime, we expect the GLA partnership to sanction the development of the Glendronach field (Kistos 20%) in the fourth quarter of 2022. This is expected to be onstream and supporting output from the GLA before the end of 2024.

In the Netherlands, after undertaking detailed reviews of various rerouting options, we have decided to continue exporting gas from Q10-A (Kistos 60%) via the P15-D platform. This reduces future capital expenditure and removes the risk of interruptions to production caused by the project.

Kistos is preparing to undertake a work programme at Q10-A. We are in advanced negotiations to secure a rig and work is expected to commence in the final quarter of the year. This will include:

- installation of a velocity string in the A-06 well
- installation of a velocity string in the A-05 well
- sidetrack of the A-01 well into the Slochteren formation
- stimulation of the Zechstein clastic formation in the A-04 well.

This campaign is forecast to cost approximately €30MM (gross) and is designed to minimise production decline from Q10-A. It is expected to accelerate the recovery of hydrocarbons from certain reservoirs while improving the stability of other producing wells.

Elsewhere in the Netherlands, the Concept Assess phase of the Orion oil development has completed successfully. Three potential development options are being considered for the Concept Select phase. Two of these would utilise the existing Q10-A platform while the third envisages the installation of a new, minimal facilities Bridge Linked Platform (BLP) adjacent to Q10-A.

During the first half of 2022, Kistos applied for the M10a and M11 (Kistos 60%) licences north of the Wadden Islands to be extended beyond 30 June 2022. Historically, Kistos has had licences extended past their expiry date but, on this occasion, the Company was informed that the extension had not been granted by the Dutch authorities. Other operators have also had similar applications rejected recently. Kistos has engaged in discussions with the Dutch authorities and has lodged an appeal against this decision. It will submit the full details of its rationale for doing so by the deadline of 14 September 2022. This submission will be accompanied by a draft Field Development Plan (FDP) that the Board of Directors is prepared to commit the capital required to implement. The appeal will be heard before the end of 2022.

Chairman's Statement

I am delighted to be able to report Kistos' interim results covering the six months to 30 June 2022. Adjusted EBITDA for the period was in excess of €130MM.

The tax rate on our €102.5MM pre-tax profit was 48.9%. I expect the rate for the full year to be higher due to the contribution from our newly acquired UK assets, which are taxed at a marginal rate of 65% since the Energy Profits Levy (EPL) was implemented. Our cash balances at the end of the period were €148.4MM.

In addition, we acquired €27.7MM of Kistos NL2's outstanding Nordic Bonds in February 2022 and continue to hold them. Clearly, this balance sheet strength means we are well placed to grow the business.

After completing acquisitions in May 2021 and July 2022, your Company is already producing ~12,000 boe/d from a standing start less than two years ago and we continue to evaluate a pipeline of business development opportunities. Nevertheless, if we are to add value for shareholders, it is critical that we maintain our financial discipline and avoid overpaying for assets.

In this context, we decided not to pursue the Proposed Combination with Serica Energy. While both the Kistos and Serica boards agreed on the strong industrial logic of a combination, terms could not be agreed that the Board believes fully reflected the considerable value that Kistos has created since inception.

Importantly, while we assess other potential acquisitions, we are pursuing the organic growth opportunities within our existing portfolio. This time last year, the then Chairman commented on the success of

the Orion appraisal well in the Netherlands and I am pleased to note that this project has completed the Concept Assess phase. In addition, the Board has approved a further drilling campaign designed to enhance production at Q10-A in the Netherlands and Kistos' participation in the Benriach exploration well West of Shetland. I look forward to reporting before the end of this year that it has also sanctioned the Glendronach development in the GLA West of Shetland.

On behalf of our shareholders, we are striving to build a first-class energy business that secures supplies close to home to ease the energy crisis and to drive transition. We have taken great strides in a short period of time, and we will continue to pursue rapid, disciplined growth both organically and through acquisitions.

Andrew Austin
6 September 2022

Financial Review

Unaudited results for the six months ending 30 June 2022

		30 June 2022 (actual)	30 June 2022 (pro forma)[4]
Production	boe/d	6,077	12,400
Revenue	€'000	137,502	285,109
Unit opex[1]	€/MWh	2.28	5.56
Adjusted EBITDA[2]	€'000	130,207	260,987
Profit before tax	€'000	102,539	n/a
Basic earnings per share	€	0.63	n/a
Net cash from operations	€'000	126,957	n/a
Average realised gas price[3]	€/MWh	83.55	82.65
Total cash at 30 June	€'000	148,446	148,446

Note: The financial results are prepared in accordance with IFRS, unless otherwise noted below:

1. Non-IFRS measure. Refer to the definition within the glossary. Pro forma production costs for the six months ended 30 June 2022 were €4.4MM.
2. Adjusted EBITDA is calculated on a business performance basis. Refer to the definition within the glossary.
3. Includes the impact of realised and unrealised gain on commodity hedges.
4. Pro forma figures include the GLA as if it had been acquired on 1 January 2022. The acquisition completed in July 2022 and is therefore not included in the actual results to 30 June 2022.

Production and revenue

Actual production on a working interest basis averaged 6.1 kboe/d in the first half of 2022. This represents an increase of over 600% from a year earlier and reflects a full six months' contribution from our business in the Netherlands, which was acquired on 20 May 2021. Pro forma production in the six months to 30 June 2022 was 12.4 kboe/d, an uplift of 136% from 5.8 kboe/d a year earlier. These figures assume Kistos had completed the transactions with Tulip Oil Holdings and TotalEnergies on the effective economic dates of 1 January 2021 and 1 January 2022 respectively.

The Group's average realised gas price during the period was €83.55/MWh and total revenue from gas sales was €137.5MM versus €6.5MM a year earlier. On a pro forma basis, these figures were €82.65/MWh and €274.6MM, up from €33.2MM the previous year. This uplift represents a combination of higher production and higher prices both on an actual and on a pro forma basis. Revenue from liquids sales for the period ending 30 June 2022 was €nil, or €10.5MM on a pro forma basis.

Costs

Kistos continued to keep tight control of operating costs, which were €4.2MM or €2.28 per MWh during the period, a 9% reduction from the pro forma operating costs of €2.49 per MWh in the first half of 2021. On a pro forma basis, operating expenditure in the first half of 2022 was €5.56 per MWh, with this figure reflecting the fact that costs are higher in the GLA than at Q10-A. In turn, this is a function of the largely fixed cost of operating the Shetland Gas Plant plus tariffs for the pipelines that transport the gas to St Fergus.

Cash capital expenditure in the first half of 2022 was €6.8MM, most of which was associated with the drilling programme in the Netherlands that started in July 2021 and ended in February 2022. Capital expenditure in the second half of the year is expected to be higher as another drilling campaign gets underway in the Netherlands and long-lead items are ordered both for the Glendronach development and for the Benriach exploration well.

Adjusted EBITDA

The Group reported Adjusted EBITDA of €130.2MM or €118.4 per boe in the six months to 30 June 2022. On a pro forma basis, Adjusted EBITDA was €261.0MM or €116.3 per boe in the period. These figures represented increases of 768% and 306% respectively from the comparable pro forma prior-year figures of €30.1MM or €28.6 per boe.

Profit/loss before tax

There was an actual operating profit of €112.5MM during the period and, after net finance charges of €9.9MM principally relating to the interest on Nordic Bonds issued by Kistos NL2, a profit before tax of €102.5MM. This compared with a loss before tax of €5.2MM in the first half of 2021, which included a loss on redemption of €3.5MM relating to an €87MM Nordic Bond refinancing.

Financial position

Before expenses, Kistos raised £102.1MM (€118.5MM) from equity investors and issued €150.0MM of Nordic Bonds during 2021. After paying €222.8MM (€140MM plus an €87MM bond refinancing and other adjustments) for the Tulip Oil acquisition and capital expenditure of €20.0MM, this led to the Company holding cash and cash equivalents of €77.3MM on 31 December 2021.

This figure had increased to €148.4MM by mid-2022, meaning that Kistos exited the first half of the year with net cash (being cash and cash equivalents, less the face value of bonds held by third parties) of €26.1MM. Despite making the completion payment for the GLA acquisition in July and the Q10-A gas field being subject to a planned shutdown from mid-July to mid-August due to TAQA undertaking annual maintenance at its P15-D platform, the Group's cash balance had increased to €153.6MM on 31 August 2022.

During the first half of 2021, Kistos hedged 100,000 MWh per month at a price of €25/MWh for the nine-month period from July 2021 to March 2022. Since 1 April 2022, the Group has been unhedged and, although the position is reviewed regularly, does not have any immediate plans to enter new hedges.

Cash flow

	6 months ended 30 June 2022 €'000	37 weeks ended 30 June 2021 €'000
Cash and cash equivalents at beginning of period	**77,288**	**–**
Net cash generated from operating activities	126,957	2,894
Net cash used in investing activities	(19,701)	(100,733)
Net cash (used in)/generated from financing activities	(35,831)	156,985
Net increase in cash and cash equivalents	**71,425**	**59,146**
Foreign exchange differences	(267)	–
Cash and cash equivalents on 30 June	**148,446**	**59,146**

Going concern

When assessing the going concern status of the Group, the Directors have considered its financial position, including its significant balance of cash and cash equivalents. The Directors have also considered the Group's commodity price forecasts, expected production, operating cost profile, capital expenditure, abandonment spend, financing plans and the recently introduced EPL in the UK. The Directors have taken into consideration the key risks that could impact the prospects of the Group, with the most relevant risk being the gas price outlook. Robust down-side sensitivity analyses have been performed, assessing the impact of a significant deterioration in the gas price outlook. These stress tests all indicated results that could be managed in the normal course of business. Based on their assessment of the Group's prospects and viability, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the condensed consolidated interim financial statements.

Review of Operations

Q10-A

Gross production from the Q10-A gas field (Kistos 60% operated working interest) averaged 1.5 MNm^3/d (52 MMcf/d or 10.1 kboe/d) in the first half of 2022 from six producing wells. This represented an increase of 0.5 kboe/d or 5% from a year earlier, demonstrating the benefits of the 2021/22 drilling campaign and, in particular, the sidetrack of the Q10-A-04 well to a new location in the Slochteren formation. Following an upgrade of the wind turbines in 2021, the renewably powered Q10-A platform maintained its excellent emissions intensity track record during the period.

Orion

The Q10-A Orion oil field is located directly above the Q10-A gas field in the Vlieland sandstone formation. This is a proven play in the area and although this reservoir has low porosity and permeability, it also contains natural fractures that can significantly enhance productivity. This was demonstrated in the third quarter of 2021, when Kistos drilled an appraisal well and flow-tested an 825-metre horizontal section at a rate of 3,200 b/d. This result led to a decision to commence the Concept Assess phase of development planning for the field.

This involved building new static and dynamic reservoir models before evaluating several development concepts. This work completed recently and a shortlist of three development options are being considered for a more detailed Concept Select phase of work. Two of these would utilise the existing Q10-A platform while the third envisages the installation of a new, minimal facilities BLP adjacent to Q10-A.

Q11-B

The Q11-B appraisal well was suspended in February 2022. We continue to evaluate options for the development of this gas accumulation, particularly in light of current gas prices.

GLA

After the period end, Kistos marked its entry to the UK Continental Shelf with completion on 10 July of the acquisition of a 20% interest in the GLA from TEPUK. The effective date of the transaction was 1 January 2022, meaning the Company enjoyed the economic benefits of the assets in the first half of 2022 through a subsequent adjustment to the US$125MM purchase price. This will be supplemented by contingent consideration payable in January 2023 of up to US$40.0MM (see note 15 to the financial statements).

Average net production from the GLA in the six months to 30 June 2022 was in line with expectations at 6.3 kboe/d and, on a pro forma basis, more than doubled Group production to 12.4 kboe/d. During the period, the joint venture continued to progress the Glendronach field towards a final investment decision (FID), which we expect before the end of the year. In addition, preparations are underway to drill the 638 Bcf Benriach prospect (Kistos 25%) in 2023. A rig is expected to be secured for this well in the near future and to arrive on location in Q2 2023.

Expenditure on Glendronach and Benriach is expected to qualify for the ‘super deduction’ investment allowance under the terms of the EPL, which was enacted by the UK Government in July 2022. The investment allowance rate is 80%, meaning that total tax relief on qualifying expenditure can be as much as 91p for every £1.00 invested.

Principal Risks and Uncertainties

The Directors do not consider that the principal risks and uncertainties have changed since the publication of Kistos plc's 2021 Annual Report dated 6 April 2022, except that production and revenue no longer comes from a single field following the GLA acquisition. There are a number of potential risks and uncertainties that could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. A detailed explanation of the risks summarised below can be found in the section headed 'Principal Risks and Uncertainties' on page 24 of the Kistos plc 2021 Annual Report dated 6 April 2022, which is available at www.kistosplc.com.

Key headline risks relate to the following:

- operational performance
- commodity prices
- reserves additions, development and project delivery
- fluctuations in exchange rates
- credit
- changes in environmental and fiscal legislation.

Our Environmental, Social and Governance Ambitions

Kistos' role is crucial for supplying energy during the global energy transition. As such, the Group is constantly exploring opportunities for growth, adapting to support global sustainability efforts and adding value for shareholders.

In 2022, Kistos undertook a thorough materiality assessment, to identify the most significant environmental, social and governance (ESG) issues, enabling the Group to develop a full sustainability strategy and objectives aligned with the United Nations Sustainable Development Goals (SDGs).

Kistos has a Code of Business Conduct in place alongside policies to ensure consistency across the business for issues including anti-bribery and corruption, whistleblowing, major accident prevention, health, environment, safety and security.

Building on existing health, safety and responsible business practices, Kistos has broadened the scope of its stewardship approach to include enhanced environmental considerations, encompassing its commitment to avoid unnecessary depletion of natural resources. With the aim of creating an environmentally aware work culture, Kistos also works with suppliers to educate and promote sustainable practices.

Operating in the Netherlands, an EU member state, Kistos is aligned with the Paris Accord – the EU's target to reduce greenhouse gas emission by 55% by 2030 in an effort to reach net zero by 2050. The Directors are using the net zero 2050 agenda as an opportunity to demonstrate leadership and are confident that with their forward-looking stewardship mindset and industry experience, they are able to drive sustainability without compromising business growth.

The Group is confident that domestic offshore gas has a vital role to play as a transition fuel both in the Netherlands and in the UK and will be imperative in carbon reduction in the coming years. Already a low carbon producer of natural gas, Kistos is well-placed to build on its existing position and has committed to explore more sustainable ways to develop existing assets. The Q10-A platform, which generates electricity from renewable energy sources and produces gas with minimal Scope 1 emissions, will serve as a blueprint for future projects.

To keep emissions as low as possible and exceed regulatory requirements, Kistos has implemented the Lead Detection and Repair (LDAR) programme to identify and prevent methane leaks from its operations. It plans to perform a full platform inspection every year, surpassing the requirement to undertake one every four years. Access points that are not measured through LDAR are assessed using a Forward-Looking InfraRed (FLIR) camera to identify any leaks as quickly as possible.

Cautionary Statement About Forward-Looking Statements

This half-year results announcement contains certain forward-looking statements. All statements other than historical facts are forward-looking statements. Examples of forward-looking statements include those regarding the Group's strategy, plans, objectives or future operating or financial performance, reserve and resource estimates, commodity demand and trends in commodity prices, growth opportunities, and any assumptions underlying or relating to any of the foregoing. Words such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue' and similar expressions identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that are beyond the Group's control. Given these risks, uncertainties and assumptions, actual results could differ materially from any future results expressed or implied by these forward-looking statements, which speak only at the date of this report.

Important factors that could cause actual results to differ from those in the forward-looking statements include: global economic conditions, demand, supply and prices for oil, gas and other long-term commodity price assumptions (as they materially affect the timing and feasibility of future projects and developments), trends in the oil and gas sector and conditions of the international markets, the effect of currency exchange rates on commodity prices and operating costs, the availability and costs associated with production inputs and labour, operating or technical difficulties in connection with production or development activities, employee relations, litigation, and actions and activities of governmental authorities, including changes in laws, regulations or taxation. Except as required by applicable law, rule or regulation, the Group does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Past performance cannot be relied on as a guide to future performance.

Financial Statements

Profit and loss account

	Note	6 months ended 30 June 2022 Unaudited €'000	37 weeks ended 30 June 2021 *(restated)*[1] Unaudited €'000
Revenue	2	**137,502**	**6,638**
Other operating income		20	–
Exploration expenses		(281)	(59)
Production costs		(4,245)	(735)
Development expenses		(2,137)	(765)
Depreciation and amortisation	9	(14,877)	(2,267)
Other operating expenses		(3,498)	(2,740)
Total operating expenses		**(25,038)**	**(6,566)**
Operating profit		**112,484**	**72**
Interest and other income	6	–	15
Interest expenses	6	(6,082)	(1,620)
Other financial expenses	6	(3,863)	(3,679)
Net finance costs		**(9,945)**	**(5,284)**
Profit/(loss) before taxes		**102,539**	**(5,212)**
Tax (charge)/credit	7	(50,103)	508
Profit/(loss) for the period		**52,436**	**(4,704)**
Basic earnings per share (€)	4	**0.63**	**(0.10)**
Diluted earnings per share (€)	4	**0.63**	**(0.10)**

Other comprehensive income

	6 months ended 30 June 2022 Unaudited €'000	37 weeks ended 30 June 2021 Unaudited €'000
Profit/(loss) for the period	**52,436**	**(4,704)**
Items that may be reclassified to profit or loss:		
Costs of cash flow hedge deferred and recognised in other comprehensive income	(9,404)	(8,425)
Cash flow hedge reclassified to profit or loss	21,185	–
Tax relating to components of other comprehensive income	(5,891)	4,212
Foreign currency translation differences	(423)	(151)
Total comprehensive income/(expense) for the period	**57,903**	**(9,067)**

1. See note 1b for explanation of restatement of certain comparative line items.

Balance sheet

	Note	Unaudited 30 June 2022 €'000	Unaudited 31 December 2021 €'000
Non-current assets			
Goodwill	8	–	–
Exploration and evaluation assets	8	51,855	45,771
Property, plant and equipment	9	157,267	171,227
Deferred tax assets	7	869	13,496
Total non-current assets		**209,991**	**230,494**
Inventories		1,746	902
Unbilled receivables		24,837	40,299
Other receivables	10	3,757	8,439
Cash and cash equivalents		148,446	77,288
Deposit paid for GLA acquisition		5,386	–
Total current assets		**184,172**	**126,928**
Total assets		**394,163**	**357,422**
Equity			
Share capital		9,627	9,627
Share premium		94,181	94,181
Merger reserve[2]		14,734	14,734
Hedge reserve[3]		–	(5,890)
Foreign currency translation reserve[4]		(41)	382
Share-based payment reserve		242	–
Retained earnings		9,973	(42,463)
Total equity		**128,716**	**70,571**
Non-current liabilities			
Abandonment provision	11	16,861	15,904
Bond payable	12	119,472	145,074
Deferred tax liability	7	53,501	57,288
Other non-current liabilities		–	31
Total non-current liabilities		**189,834**	**218,297**
Current liabilities			
Trade payables and accrued expenses	13	3,469	23,479
Tax payable		62,135	14,980
Abandonment provision	11	1,007	1,272
Other liabilities	14	9,002	28,823
Total current liabilities		**75,613**	**68,554**
Total liabilities		**265,447**	**286,851**
Total equity and liabilities		**394,163**	**357,422**

2. The merger reserve represents the difference between the value of shares issued as part of the total consideration of the acquisition of Kistos NL1 and the nominal value per share.
3. The hedge reserve represents gains and losses on derivatives classified as effective cash flow hedges.
4. The foreign currency translation reserve represents exchange gains and losses arising on translation of foreign currency subsidiaries.

Group statement of changes in equity (unaudited)

	Share capital €'000	Share premium €'000	Hedge reserve €'000	Merger reserve €'000	Share-based payment reserve €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total equity €'000
Equity as of beginning of the period	–	–	–	–	–	–	–	–
Loss for the period	–	–	–	–	–	–	(4,704)	(4,704)
Shares issued in the period[5]	9,627	106,560	–	–	–	–	–	116,187
Shares issued payment charges	–	–	–	–	–	–	–	–
Movement in the period	–	–	(8,425)	–	–	(151)	–	(8,576)
Equity as of 30 June 2021	**9,627**	**106,560**	**(8,425)**	**–**	**–**	**(151)**	**(4,704)**	**102,907**
Equity as of 1 January 2022	**9,627**	**94,181**	**(5,890)**	**14,734**	**–**	**382**	**(42,463)**	**70,571**
Profit for the period	–	–	–	–	–	–	52,436	52,436
Movement in the period	–	–	5,890	–	–	(423)	–	5,467
Total comprehensive income for the period	**9,627**	**94,181**	**–**	**14,734**	**–**	**(41)**	**9,973**	**128,474**
Share-based payments	–	–	–	–	242	–	–	242
Equity as of 30 June 2022	**9,627**	**94,181**	**–**	**14,734**	**242**	**(41)**	**9,973**	**128,716**

5. Shares issued in the prior period includes shares issued in respect of the acquisition of Kistos NL1 and NL2.

Cash flow statement

	Note	Unaudited 6 months ended 30 June 2022 €'000	Unaudited 37 weeks ended 30 June 2021 €'000
Cash flow from operating activities			
Profit/(loss) for the period		52,436	(4,704)
Tax charge/(credit)	7	50,103	(508)
Net finance costs	6	9,945	5,284
Depreciation and amortisation	9	14,877	2,267
Share-based payment expense		242	–
Deferred tax	7	5,890	–
Movement in provisions		(267)	–
Decrease/(increase) in trade and other receivables		14,501	(366)
(Decrease)/increase in trade, other payables and provisions		(19,897)	1,086
Increase in inventories		(844)	(165)
Decrease in other non-current assets/liabilities		(29)	–
Net cash flow from operating activities		**126,957**	**2,894**
Cash flow from investing activities			
Payments for acquisition of Kistos NL2 and NL1	5	(7,500)	(100,696)
Deposit paid for acquisition of GLA	15	(5,386)	–
Payments to acquire tangible fixed assets		(6,815)	(37)
Net cash flow from investing activities		**(19,701)**	**(100,733)**
Cash flow from financing activities			
Proceeds from new bond loan		–	60,000
Proceeds from share issue		–	102,442
Repayment of long-term payables		(31)	(16)
Costs incurred for share issue		–	(2,356)
Costs incurred in respect of bond refinancing		–	(3,069)
Repurchase of own bonds	12	(29,264)	–
Net other finance charges		–	(17)
Interest paid		(6,536)	–
Net cash flow from financing activities		**(35,831)**	**156,985**
Increase in cash and cash equivalents		71,425	59,146
Cash and cash equivalents at beginning of period		77,288	–
Effects of foreign exchange rate changes		(267)	–
Cash and cash equivalents at 30 June		**148,446**	**59,146**

Notes to the financial statements (unaudited)

Note 1a: General information

The condensed financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and the requirements of the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (FCA) in the UK as applicable to interim financial reporting. The Condensed financial statements represent a 'condensed set of financial statements' as referred to in the DTR issued by the FCA. Accordingly, they do not include all the information required for a full annual financial report. The Condensed financial statements are unaudited and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006, and should be read in conjunction with the 2021 Annual Report and Accounts. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. These unaudited interim financial statements have not been subject to review or audit by independent auditors.

These interim financial statements for Kistos plc consist of comparative figures of the Company and Group following its incorporation on 14 October 2020. The comparative period for Kistos plc covers the 37 weeks ended 30 June 2021. On 20 May 2021, Kistos plc completed the acquisition of Tulip Oil Netherlands B.V. (now called Kistos NL1 B.V.) and Tulip Oil Netherlands Offshore B.V. (now called Kistos NL2 B.V.). The financial results include the results of Kistos NL1 and Kistos NL2 from this date onwards. Further details of the acquisition are included in note 5.

These unaudited interim financial statements were authorised for issue by Kistos plc's Board of Directors on 6 September 2022.

Note 1b: Accounting principles

The accounting principles used for this interim report are consistent with the principles used in the Company's and subsidiaries' annual financial statements at 31 December 2021. A number of amended accounting standards and interpretations became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments, as the Group's accounting policies are already aligned with the amended standards, or they are not relevant to the Group's business. There are a number of other new and revised accounting standards in issue that will become effective for future periods, but it is not expected these standards and interpretations will have a material impact on the Group's financial statements upon adoption. A new accounting policy, 'Share-based payments', is disclosed below following the introduction of share option awards made to certain employees of the Group during the period.

In preparing these unaudited interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements at 31 December 2021.

The presentation and classification of certain line items within the profit and loss account has been restated in order to align with the presentation of those line items in the audited 2021 year-end financial statements. There has been no change to the reported profit after tax or equity for the period ended 30 June 2021.

New accounting policy – share-based payments

The Company and certain of its subsidiaries participate in equity-settled share-based compensation plans, which will be settled on vesting by shares in Kistos plc, and are accounted for as equity-settled arrangements. The income statement is charged with the expense with the corresponding entry to share-based payment reserves within equity. Upon vesting, the obligation will be settled by Kistos plc. The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period and calculated using Black-Scholes models.

Note 2: Revenue

	Unaudited 6 months ended 30 June 2022 €'000	Unaudited 37 weeks ended (restated) 30 June 2021 €'000
Crude oil	–	101
Gas	137,502	6,537
Total petroleum revenues	**137,502**	**6,638**
Analysis of produced volumes *(thousand barrels of oil equivalent)*		
Liquids	5	1
Gas	1,095	168
Total produced volumes	**1,100**	**169**
Gas (million Nm^3)	163	25
Gas ('000 MWh)	1,861	285

Comparative production information has been restated to align with the presentation methodology as used in the audited full year 2021 financial statements.

Note 3: Reconciliation of Adjusted EBITDA to operating profit

	Unaudited 30 June 2022 €'000	Unaudited 30 June 2021 €'000	Unaudited 30 June 2021 (pro forma)[6] €'000
Adjusted EBITDA	**130,207**	**5,968**	**30,057**
Depreciation and amortisation	(14,877)	(2,267)	(9,238)
Impairment	–	–	(7,471)
Transaction costs	(467)	(2,864)	(2,864)
Development expenses	(2,137)	(765)	(814)
Share-based payment expense	(242)	–	–
Operating profit	**112,484**	**72**	**9,670**

6. Pro forma information for the comparative period to 30 June 2021 is based on six months of Kistos NL1 and Kistos NL2 and 37 weeks of Kistos plc.

Pro forma Adjusted EBITDA for the six months ended 30 June 2022 (including the effect of the GLA acquisition from 1 January 2022) was €261.0MM.

Note 4: Earnings per share

	Unaudited 30 June 2022 €'000	Unaudited 30 June 2021 €'000
Consolidated profit/(loss) for the period, attributable to shareholders of the Group	52,436	(4,704)
Weighted average number of ordinary shares used in calculating basic earnings per share	82,863,743	45,357,901
Potential dilutive effect of:		
Employee share options	137,782	–
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	83,001,525	45,357,901
Basic earnings per share (€)	**0.63**	**(0.10)**
Diluted earnings per share (€)	**0.63**	**(0.10)**

Note 5: Acquisitions

Acquisition of Tulip Oil

On 20 May 2021, Kistos plc completed the 100% acquisition of Tulip Oil Netherlands B.V. (subsequently renamed to Kistos NL1 B.V.) and Tulip Oil Netherlands Offshore B.V. (subsequently renamed to Kistos NL2 B.V.) for consideration of €155MM, comprising cash consideration of €124MM and non-cash consideration of €31MM.

The transaction was accounted for as a business combination under IFRS 3 using the acquisition method. The fair value of net assets acquired (including measurement period adjustments) was €148MM, giving rise to goodwill of €7MM on acquisition. This goodwill was subsequently fully impaired in the year ended 31 December 2021.

The consolidated financial statements for the prior period include the fair value of the identifiable assets and liabilities at the acquisition date and the results of Kistos NL1 and Kistos NL2 from 21 May 2021 to 30 June 2021.

Contingent liabilities related to the acquisition of Tulip Oil

In addition to contingent consideration payable recognised on the balance sheet (30 June 2022: €7.5MM and 30 June 2021: €15MM) as part of the acquisition (see also note 14), the acquisition terms include the following potential payments that could be made to the vendor, which are disclosed as contingent liabilities:

- up to a maximum of €75MM relating to Vlieland Oil (now Orion), triggered at FID and payable upon first hydrocarbons based on the net reserves at time of sanction
- up to a maximum of €75MM relating to M10a and M11, triggered at FID and payable upon first gas, based on US$3/boe of sanctioned reserves
- €10MM payable should Kistos take FID on the Q10-Gamma prospect by 2025.

Acquisition of working interests in Greater Laggan Area assets

In January 2022, Kistos plc entered into a conditional asset purchase agreement and conditional share purchase agreement with TotalEnergies E&P UK Limited to acquire a 20% interest in the Greater Laggan Area (GLA) producing gas fields and associated infrastructure alongside various interests in certain other exploration licences, including a 25% interest in the Benriach prospect, all located in the UK offshore West of Shetland. As part of the entering into conditional purchase agreements, a deposit of US$6.25MM (€5.4MM) was paid to the seller in January 2022. Completion of the transaction was subject to customary regulatory and partner consents.

In July 2022, subsequent to the reporting period end, the GLA acquisition completed – see note 15 for further details.

Note 6: Net finance costs

	Unaudited 6 months ended 30 June 2022 €'000	Unaudited 37 weeks ended 30 June 2021 €'000
Interest income	–	–
Other financial income	–	(15)
Total financial income	**–**	**(15)**
Interest expenses	6,009	1,619
Other interest expenses	73	1
Total interest expenses	**6,082**	**1,620**
Loss on redemption of bonds	**2,982**	**3,528**
Accretion expenses on abandonment provisions and ROU liabilities	63	8
Amortisation of bond costs	551	143
Foreign exchange losses	267	–
Total other financial expenses	**881**	**151**
Net finance costs	**9,945**	**5,284**

Note 7: Taxes

	Unaudited 6 months ended 30 June 2022 €'000	Unaudited 37 weeks ended 30 June 2021 €'000
Current tax expense		
Current period	47,154	198
Deferred tax expense		
Deferred tax assets expense	6,736	310
Deferred tax liability expense	(3,787)	–
Tax charge for the period	**50,103**	**508**

The estimated effective tax rate used for the period to 30 June 2022 is 49% (30 June 2021: (10)%), compared to the Dutch statutory tax rate of 50%. The effective tax rate is lower than the statutory tax rate mainly due to marginal field incentive deductions (investment allowance) and expense uplift on SPS, which are tax deductible.

Temporary differences

	Tax losses €'000	Provisions €'000	Other €'000	Total €'000
Deferred taxes for the period				
Deferred tax asset at 1 January 2022 (audited)	**7,015**	**4,168**	**2,313**	**13,496**
Deferred tax on hedge reserve in OCI	–	–	(5,891)	(5,891)
Profit and loss account	(7,015)	187	92	(6,736)
Deferred tax asset at 30 June 2022	**–**	**4,355**	**(3,486)**	**869**
Deferred tax liability at 1 January 2022 (audited)	**–**	**–**	**57,288**	**57,288**
Profit and loss account	–	–	(3,787)	(3,787)
Deferred tax liability at 30 June 2022	**–**	**–**	**53,501**	**53,501**

The tax losses are made up of State Profit Share (SPS) losses in Kistos NL2. SPS losses can be carried forward indefinitely. Provisions relate to temporary differences on abandonment provisions, and other relates to temporary differences on abandonment fixed assets and other. The deferred tax liability is calculated based on a 50% tax rate that is applied to the fair value uplift of the intangible assets following the acquisition of Kistos NL1 and Kistos NL2. The deferred tax expense relates to the 50% tax impact on the depreciation of the production licence.

Note 8: Exploration and evaluation assets

	Goodwill €'000	Exploration and evaluation assets €'000	Total €'000
Net book value at 31 December 2021 (audited)	**–**	**45,771**	**45,771**
Cost at 1 January 2022 (audited)	7,000	158,573	165,573
Additions	–	5,810	5,810
Changes in abandonment estimates	–	(531)	(531)
Reclassifications	–	805	805
Cost at 30 June 2022	**7,000**	**164,657**	**171,657**
Accumulated depreciation and impairments at 1 January 2022 (audited)	**(7,000)**	**(112,802)**	**(119,802)**
Depreciation	–	–	–
Impairment	–	–	–
Accumulated depreciation and impairments at 30 June 2022	**(7,000)**	**(112,802)**	**(119,802)**
Net book value at 30 June 2022	**–**	**51,855**	**51,855**

The assets under exploration and evaluation assets has been recognised in respect of Q11-B, Q10-B, Q10-A Orion and the Q10-G prospects. Additions during the period primarily relate to capitalised expenditures of the Q11-B drilling campaign, which was completed early 2022. The changes in abandonment estimates relate to the update on the cost estimates of the plugging and abandoning of the currently suspended Q11-B well (see note 11). The abandonment costs for the Q11-B suspended well are expected to be incurred in 2025 based on the regulatory requirement to abandon the well by that time as, at the balance sheet date, no extension of the licence or production consent had been concluded. The reclassification during the year relates to the movement of inventory items from wells in production to exploration and evaluation wells (see note 9).

Note 9: Property, plant and equipment

	Assets under construction €'000	Production facilities including wells €'000	Other €'000	Total €'000
Net book value at 31 December 2021 (audited)	**–**	**171,018**	**209**	**171,227**
Cost at 1 January 2022 (audited)	**5,859**	**185,413**	**325**	**191,597**
Additions	–	280	38	318
Disposals	–	–	(48)	(48)
Changes in abandonment estimates	–	1,431	–	1,431
Reclassification	–	(805)	–	(805)
Cost at 30 June 2022	**5,859**	**186,319**	**315**	**192,493**
Accumulated depreciation and impairments at 1 January 2022 (audited)	**(5,859)**	**(14,395)**	**(116)**	**(20,370)**
Depreciation	–	(14,803)	(74)	(14,877)
Disposals	–	–	21	21
Accumulated depreciation and impairments at 30 June 2022	**(5,859)**	**(29,198)**	**(169)**	**(35,226)**
Net book value at 30 June 2022	**–**	**157,121**	**146**	**157,267**

Assets under construction
Assets under construction relate to wells drilled but not yet producing. As at 30 June 2022 and 31 December 2021, the carrying value of assets under construction was fully impaired.

Impairment
Impairment tests of individual cash-generating units are performed when impairment triggers are identified. During 2022 there have been no impairment triggers identified.

Changes in abandonment estimates
The changes in abandonment estimates primarily relate to the update on the inflation and discount rate of the abandonment provision of the Q10A wells, facilities and pipelines in production (see note 11).

Note 10: Other receivables

	Unaudited 30 June 2022 €'000	Unaudited 31 December 2021 €'000
Amounts recoverable from joint operation partner	998	3,920
Other third-party receivables	1,676	2,014
Pre-payments	733	163
VAT receivable	350	2,342
Total other receivables	**3,757**	**8,439**

The carrying value of other receivables is considered to be equivalent to their fair value.

Note 11: Provision for abandonment liabilities

	Unaudited 31 December 2021 €'000
Abandonment provisions as of beginning of period	**17,176**
Accretion expense	60
Additions	–
Utilisation	(268)
Effect of change in discount rate	(1,779)
Change in estimates and incurred liabilities	2,679
Abandonment provisions at end of period	**17,868**
Of which:	
Current	1,007
Non-current	16,861
Total	**17,868**

Abandonment provisions relate to the estimated cost of plugging and abandoning the producing Q10-A wells and decommissioning the associated infrastructure, and plugging and abandoning the currently suspended Q11-B well.

The utilisation of the abandonment provisions during the first half of 2022 relates to expenses incurred for the abandonment of the Donkerbroek-Hemrik location, which is expected to conclude in the second half of 2022. The changes in estimates relate primarily to an update of the inflation rate assumption, discount rate assumption and cost estimations per well. Abandonment provisions are determined using an inflation rate of 3.0% (2021: 1.0%) and a discount rate of 1.8% (2021: 0.5%) based on management's assessment of publicly available economic forecasts. The abandonment costs for the Q10-A wells and associated infrastructure are expected to be incurred in 2030 (assuming no further development of the assets). The abandonment costs for the Q11-B suspended well are expected to be incurred in 2025 based on the regulatory requirement to abandon the well by that time as, at the balance sheet date, no extension of the licence or production consent had been concluded.

Note 12: Bonds payable

	Long-term bond €90MM €'000	Long-term bond €60MM €'000	Bond costs €'000	Total €'000
At 1 January 2022	**88,042**	**60,000**	**(2,968)**	**145,074**
Amortisation of bond costs	–	–	551	551
Unwinding EIR impact on €90MM bond	129	–	–	129
Derecognition on repurchase of €90MM bond	(26,282)	–	–	(26,282)
At 30 June 2022	**61,889**	**60,000**	**(2,417)**	**119,472**

Repurchase of bonds

In March 2022, Kistos NL2 repurchased €27.7MM in nominal value of its €90MM bonds at an average price of 105.645%. Although the bonds cannot be cancelled, under IFRS 9 the liability relating to the repurchased amount is treated as being extinguished, and a loss on repurchase of €3.0MM has been recognised in the income statement (see note 6).

The net loss on repurchase of the bonds is reconciled as follows:

	€'000
Total cash consideration paid	30,038
Less: settlement of accrued interest	(774)
Cash consideration paid for repurchase of bond principal	29,264
Carrying value of bond derecognised	(26,282)
Loss on repurchase of bond	**2,982**

Kistos NL1 B.V. and Kistos plc are Guarantors. Each guarantor irrevocably, unconditionally, jointly and severally:

- guarantees to the Bond Trustee the punctual performance by Kistos NL2 of all obligations related to the Bonds
- agrees to make payment to the Bond Trustee on request in the event of non-payment by Kistos NL2, together with any default interest
- indemnifies the Bond Trustee against any cost, loss or liability incurred in respect of the obligations of Kistos NL2.

Kistos NL2 has issued a security in favour of the Bond Trustee over its assets for both the 2024 Bond and the 2026 Bond, including a pledge over all intercompany receivables between Kistos NL2 and Kistos NL1 and Kistos plc. In addition a Netherlands Pledge has been provided to the Bond Trustee covering all receivables of Kistos NL2 and Kistos plc.

Terms and repayment schedule

	Currency	Nominal interest rate	Year of maturity	30 June 22 Face value €'000	30 June 22 Carrying amount €'000	31 Dec 21 Face value €'000	31 Dec 21 Carrying amount €'000
Secured bond issues	EUR	8.75%	2024	62,300	61,889	90,000	88,042
Secured bond issues	EUR	9.15%	2026	60,000	60,000	60,000	60,000
Total interest-bearing liabilities				**122,300**	**121,889**	**150,000**	**148,042**

The face value of the 8.75% 2024 bonds at 30 June 2022 is presented net of €27.7MM bonds repurchased (but not cancelled) held by Kistos NL2.

Financial covenants

€90 million bond	Requirement	Effective date
Issuer (Kistos NL2)		
Minimum liquidity	€10,000,000	At all times
Maximum leverage ratio	2.50	From and including 1 January 2022, tested at 30 June and 31 December
Group (Kistos consolidated)		
Minimum liquidity	€20,000,000	At all times
Maximum leverage ratio	3.50	From and including 30 June 2021, tested at 30 June and 31 December
€60 million bond		
Issuer (Kistos NL2)		
Minimum liquidity	€10,000,000	At all times
Maximum leverage ratio	2.50	From and including 1 January 2022, tested at 30 June and 31 December
Group (Kistos consolidated)		
Minimum liquidity	€20,000,000	At all times
Maximum leverage ratio	3.50	From and including 30 June 2021, tested at 30 June and 31 December

During 2022 and 2021 Kistos NL2 and plc complied with the minimum liquidity covenant. On 30 June 2022, Kistos NL2 had a leverage ratio of (0.09) calculated as follows:

Calculation of leverage ratio Kistos NL2	€'000
Kistos NL2 EBITDA for the period	132,155
Book value of bond debt at 30 June 2022	121,889
Cash and cash equivalents at 30 June 2022	(133,777)
Net (cash) at 30 June 2022	(11,888)
Leverage ratio (net debt/(cash) to EBITDA)	**(0.09)**

Kistos plc had a leverage ratio of (0.20) calculated as follows:

Calculation of leverage ratio Kistos Group	**€'000**
Kistos plc consolidated EBITDA for the period	130,207
Book value of bond debt at 30 June 2022	121,889
Cash and cash equivalents at 30 June 2022	(148,446)
Net (cash) at 30 June 2022	(26,557)
Leverage ratio (net debt/(cash) to EBITDA)	**(0.20)**

Note 13: Trade payables and accrued expenses

	Unaudited 30 June 2022 €'000	Unaudited 31 December 2021 €'000
Trade payables	1,976	9,018
Other accrued expenses	1,493	14,461
Total trade payables and accrued expenses	**3,469**	**23,479**

Trade payables are unsecured and generally paid within 30 days. Accrued expenses are also unsecured and represent estimates of expenses incurred but where no invoice has yet been received. The carrying value of trade payables and other accrued expenses are considered to be fair value given their short-term nature.

Note 14: Other liabilities

	Unaudited 30 June 2022 €'000	Unaudited 31 December 2021 €'000
Bond interest payable	1,306	1,854
Hedge liability	–	11,781
Contingent consideration	7,500	15,000
Payroll liabilities	130	97
Right of use liability	66	91
Total other liabilities	**9,002**	**28,823**

Interest payable

The interest over the bonds is payable twice-yearly. The balance of €1.3MM (2021: €1.8MM) presented as part of the other current liabilities relates to the accrued interest over the bond payable at 30 June 2022 due November 2022.

Hedge liability

The hedge liability represented the potential fair value liability in respect of the cash flow hedge for the remaining period of the contract. The fair value was calculated by reference to the difference between the discounted values of the remaining gas hedge and hedging instrument at the gas forward curves discounted. At 30 June 2022, the hedge liability is nil (31 December 2021: €11.8MM), as Kistos NL2 undertook a partial hedge of 100,000 MWh of production in the nine months up to 31 March 2022. At 30 June 2022 and at the date of this report no hedges are in place in respect of future production.

Contingent consideration payable

Following the acquisition of Kistos NL1 and Kistos NL2, contingent consideration of €15MM payable to the vendor was recognised on the balance sheet as follows:

- €7.5MM payable by February 2022 upon confirmation by Kistos over the intention to proceed with exploitation activities in respect of Vlieland Oil (now Orion)
- €7.5MM payable by February 2022 upon confirmation by Kistos over its intention to retain ownership of the M10/M11 licences.

The contingent consideration in respect of Vlieland Oil (now Orion) was paid in full in February 2022. The contingent consideration in respect of the M10/M11 licences has not been paid nor derecognised, as, at the balance sheet date and to the date of approval of these financial statements, an extension to the exploration licence had not been concluded with the Ministry of EZK.

Contingent consideration relating to the acquisition of Kistos NL1 and Kistos NL2 not recognised on the balance sheet is disclosed in note 5.

Note 15: Subsequent events

Greater Laggan Area acquisition

In January 2022, the Group entered into a conditional asset purchase agreement and conditional share purchase agreement with TotalEnergies E&P UK Limited to acquire a 20% interest in the Greater Laggan Area (GLA) producing gas fields and associated infrastructure alongside various interests in certain other exploration licences, including a 25% interest in the Benriach prospect, all located in the UK offshore West of Shetland (together, the 'GLA Acquisition'). As part of the entering into conditional purchase agreements, a deposit of US$6.25MM (€5.4MM) was paid to the seller in January 2022. Completion of the GLA Acquisition was subject to customary regulatory and partner consents.

The GLA Acquisition completed on 10 July 2022. The cash paid on completion comprised the initial cash consideration payable of US$125.0MM (€122.7MM), less the deposit paid in January, post-tax cash flows between the economic effective date of 1 January 2022 and the completion date, and working capital and other adjustments.

The completion payment amount is subject to customary closing adjustments and is expected to be finalised in Q4 2022.

In addition to the payments already made, further contingent cash payments in respect of the GLA Acquisition fall due as follows:

- In the event the average day-ahead gas price at the National Balancing Point exceeds 150p/therm in 2022, up to US$40.0MM will be payable in January 2023. Based on gas prices to date and forecasts for the balance of the year, it is expected that the maximum amount of US$40.0MM (€39.3MM) will become payable.
- Should Benriach be developed, Kistos will pay US$0.25 per MMBtu (US$1.45 per boe) of net 2P reserves after first gas. This payment is not expected to crystallise until 2027 at the earliest.

If the acquisition had completed on 1 January 2022, consolidated pro forma revenue and Adjusted EBITDA would have been €285.1MM and €261.0MM respectively.

Glossary

Adjusted EBITDA – Adjusted EBITDA is used as a measure to assess the performance of the Group. This measure excludes the effects of significant items of income and expenditure, which may have an impact on the quality of earnings such as reversal of provisions and impairments when the impairment is the result of an isolated non-recurring event.

Average realised oil/gas price – calculated as revenue divided by sales production for the period. Sales production for the period may be different from production for the period.

boe – barrels of oil equivalent.

boe/d – barrels of oil equivalent produced per day.

Company – Kistos or Kistos plc.

Earnings per share – calculated as profit for the financial period divided by the weighted average number of shares in issue for the period.

EIR – Effective interest rate.

FID – Final Investment Decision.

GLA – Greater Laggan Area.

Group – Kistos plc and its subsidiaries.

kboe/d – thousand barrels of oil equivalent produced per day.

ROU – right of use.

Unit opex – calculated as production costs (per the income statement) divided by gas production (in MWh) for the same period.

Conversion factors

37.3 standard cubic feet (scf) in 1 normal cubic metre (Nm^3)

5,561 scf in 1 barrel of oil equivalent (boe)

149.2 Nm^3 in 1 boe

1.7 MWh in 1 boe

34.12 therms in 1 MWh

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