

## STPROSPECTUS

# HERMANA

## HERMANA HOLDING ASA

(A public limited liability company incorporated under the laws of Norway)

### Listing of the Company's Shares on Oslo Børs

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This Prospectus (the "**Prospectus**") has been prepared by Hermana Holding ASA (the "**Company**" or "**Hermana**"), a public limited liability company incorporated under the laws of Norway (together with its consolidated subsidiaries, the "**Group**"), solely for use in connection with the listing (the "**Listing**") of the Company's 93,931,178 outstanding shares, each with a par value of NOK 0.101547426706407 (the "**Shares**") on Oslo Børs, a stock exchange operated by Oslo Børs ASA ("**Oslo Børs**" or the "**Oslo Stock Exchange**").

On 22 April 2024, the Company applied for the Shares to be admitted to trading and listing on Oslo Børs. The Company's listing application was approved by Oslo Børs on 24 May 2024. Upon Listing, the Shares will be admitted to trading through the facilities of Oslo Børs. Trading in the Shares on Oslo Børs is expected to commence on or about 18 June 2024, under the ticker code "HERMA".

The Shares are registered in the Norwegian Central Depository (Nw.: *Verdipapirsentralen i Norge*) (the "**VPS**") in book-entry form. The distribution of this Prospectus may in certain jurisdictions be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. See Section 14 "*Transfer restrictions*".

**THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS ONLY. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR INVITATION TO PURCHASE, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SHARES, BENEFICIAL INTERESTS OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS PROSPECTUS.**

Investing in the Offer Shares involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, consider Section 2 "*Risk Factors*" when considering an investment in the Company.

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#### Legal advisor

Schjødt

Advokatfirmaet Schjødt AS

#### Listing advisor

 Pareto  
Securities

Pareto Securities AS

**The date of this Prospectus is 17 June 2024**

## IMPORTANT NOTICE

This Prospectus has been prepared by the Company in connection with the Listing of the Shares on Oslo Børs and in order to provide information about the Group and its business.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended (the "**Norwegian Securities Trading Act**") and related secondary legislation, including Regulation (EU) 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 as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act (the "**EU Prospectus Regulation**"). This Prospectus has been prepared solely in the English language. This Prospectus has been approved by the Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*) (the "**Norwegian FSA**"), as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The information contained herein is current as at the date hereof and subject to change, completion, and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors between the time of approval of this Prospectus by the Norwegian FSA and the Listing on Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

No person is authorized to give information or to make any representation concerning the Group or in connection with the Listing or the Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorized by the Company or by any of the affiliates, representatives, advisors of the foregoing.

No Shares or any other securities are being offered or sold in any jurisdiction pursuant to this Prospectus. The distribution of this Prospectus in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, subscribe or sell, any of the securities described herein. No one has taken any action that would permit a public offering of the Shares. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company requires persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 14 "*Transfer restrictions*".

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its content is prohibited.

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group, including the merits and risks involved. Neither the Company nor any of its representatives or advisors, are making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

All Sections of the Prospectus should be read in context with the information included in Section 4 "*General Information*". Investing in the Shares involves certain risks. See Section 2 "*Risk Factors*". For definitions of certain other terms used throughout this Prospectus, see Section 18 "*Definitions and glossary*".

Pareto Securities AS acts as listing advisor in connection with the Listing (the "**Listing Advisor**").

This Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Listing or this Prospectus.

## ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the Company's senior executive management team (the "**Management**") are not residents of the United States of America (the "**U.S.**" or "**United States**"), and a substantial portion of the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway.

Similar restrictions may apply in other jurisdictions.

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#### APPENDICES

<b>Appendix A</b>	Articles of Association
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## 1 SUMMARY

### INTRODUCTION

<i>Warning</i> .....	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Shares involves inherent risk and the investor could lose all or part of its invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
<i>Securities</i> .....	The Company has one class of shares in issue. The Shares are registered in book-entry form with the VPS and have ISIN NO 001 3209239.
<i>Issuer</i> .....	The Company's registration number in the Norwegian Register of Business Enterprises is 932 142 457 and its Legal Entity Identifier (LEI) is 2549005RGU6BUYK07L22. The Company's registered office is located at Karenslyst allé 6, 0278 Oslo, Norway. The Company's website can be found at <a href="http://www.hermanaholding.com">www.hermanaholding.com</a> and its telephone number is (+47) 453 43 174.
<i>Competent authority</i> .....	The Financial Supervisory Authority of Norway (Nw.: <i>Finanstilsynet</i> ), with registration number 840 747 972 and registered address at Revierstredet 3, 0151 Oslo, Norway, and telephone number (+47) 22 93 98 00 has reviewed and, on 17 June 2024, approved this Prospectus.

### KEY INFORMATION ON THE ISSUER

#### Who is the issuer of the securities?

<i>Corporate information</i> .....	The Company is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act. The Company was incorporated in Norway on 23 August 2023 as a private limited liability company and transformed to a public limited liability company following the extraordinary general meeting held on 14 March 2024, and its registration number in the Norwegian Register of Business Enterprises is 932 142 457 and its Legal Entity Identifier (LEI) is 2549005RGU6BUYK07L22.
<i>Principal activities</i> .....	The Company was founded in 2023 and its principal business is to hold, manage and operate certain royalty-based licenses, and its business scope is defined as acquiring and owning shares or interests in other companies, trading in financial instruments (particularly royalties and licenses) as well as related business. The long-term aim for the Group is to achieve a business model whereupon the Group has expanded its royalties from currently having payments and revenues from one license, to have a portfolio of acquired licenses, providing the Group with a stream of license revenues from a diversified portfolio of licenses, i.e. the Royalty Model as defined below.

Major  
shareholders.....

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. The following table sets forth shareholders owning 5% or more of the shares in the Company on or about the date of this Prospectus.

Table 1 – Major shareholders			
#	Shareholders	Number of Shares	Percent (%)
1	Magnora ASA	28,179,353	30%

Key managing directors.....

The Management consists of 2 individuals. The names of the executive members of the Management and their respective positions are presented in the below table.

Table 2 – Overview of the Management	
Name	Current position within the Company
Stein Bjørnstad	Chief Executive Officer (CEO)
Bård Olsen	Chief Financial Officer (CFO)

Independent  
auditor.....

The Company's independent auditor is Deloitte AS, with company registration number 980 211 282 and registered business address at Dronning Eufemias gate 14, 0191 Oslo, Norway.

### What is the key financial information regarding the issuer?

The Company has prepared carve-out financial statements for the financial years ended 31 December 2023, 2022, and 2021 based on the historical audited financial statements of Magnora ASA ("**Magnora**") (i.e. to continuity of the carrying values of the transferred assets and liabilities) (the "**Carve-Out Financial Statements**"). The Carve-Out Financial Statements have been prepared by carving out the historical results of operations and carrying amounts of assets and liabilities of the License Business (as defined below). The Carve-Out Financial Statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU ("**IFRS**"), and subject to full audit by the Company's auditor, Deloitte AS.

Stand-alone financial statements for the period starting on 23 August and ending on 31 December 2023 have been prepared by the Company in accordance with IFRS (the "**Stand-Alone Financial Statements**"). The Stand-Alone Financial Statements have been audited by Deloitte AS.

The table below sets out key financial information extracted from the Company's statement of income for the years ended 31 December 2023, 2022 and 2021 (prepared in accordance with IFRS).

Table 3 – Key Financials – Income Statement	Year ended 31 December		
	2023 IFRS Audited	2022 IFRS Audited	2021 IFRS Audited
(Amounts in NOK thousands)			
<b>Total revenue</b>	10,300	87,300	13,800
<b>Operating profit/(loss)</b>	3,100	82,200	9,400
<b>Net financial income and expenses</b>	3,100	-100	5,700
<b>Profit/(loss) before income tax</b>	6,200	82,100	15,100
<b>Profit/(loss) for the year</b>	4,900	64,000	13,000
<b>Net other comprehensive income</b>	4,900	64,100	13,000

The table below sets out key financial information extracted from the Company's balance sheet as of 31 December 2023, 2022 and 2021 (prepared in accordance with IFRS).

Table 4 – Key Financials – Financial Position	Year ended 31 December		
	2023 IFRS Audited	2022 IFRS Audited	2021 IFRS Audited
(Amounts in NOK thousands)			
<b>Total equity</b>	0.0	73,900	1,700
<b>Total liabilities</b>	0.0	0.0	0.0
<b>Total equity and liabilities</b>	0.0	73,900	1,700

The table below sets out key financial information extracted from the Company's statement of cash flow for the years ended 31 December 2023, 2022 and 2021 (prepared in accordance with IFRS).

Table 5 – Key Financials – Cash Flow	Year ended 31 December		
	2023 IFRS Audited	2022 IFRS Audited	2021 IFRS Audited
(Amounts in NOK thousands)			
<b>Net cash flows from operating activities</b>	80,200	9,800	29,700
<b>Net cash flows from investment activities</b>	0.0	0.0	0.0
<b>Net cash flows from financing activities</b>	-80,200	-9,800	-29,700
<b>Cash balance end of period</b>	0.0	0.0	0.0

### What are the key risks that are specific to the issuer?

Material risk factors.....

- The Company faces risks through its investments, including many which are outside of the Company's control
- Illiquidity and scarcity of potential investments may delay or prevent the Company from making appropriate investments
- The Company is dependent on its current key personnel and permanently employing management persons in the future
- The Company will initially be dependent on cash at hand, cash from the Magnora Receivable (as defined below) and revenue streams from the Western Isles Licensing Agreement (as defined below)
- Future earnings will depend on the profitability and development of the Company's investments
- The Company may depend on third-parties for determination of Royalties or Streams (as defined below)
- There is typically no reliable liquid market available for the purposes of valuing the Company's investments
- Risks related to acquisition and divestments of Royalties (as defined below) and/or licensing agreements
- The Company's investments are subject to risks concerning due diligence prior to making an investment
- The Company is dependent on its counterparties making payments
- The Company may not be successful in building a Royalty Model
- The Company may be exposed to interest rate risk due to fluctuations in the prevailing market rates
- Natural disasters, adverse weather conditions, wars and material pandemics etc. may affect revenues from the Western Isles License Agreement (as defined below) and payment of the Magnora Receivable (as defined below)
- Political changes may affect current and future investments
- Delays in anticipated revenues and payment of the Magnora Receivable (as defined below) may delay or reduce future investments

## KEY INFORMATION ON THE SECURITIES

### What are the main features of the securities?

<i>Type, class and ISIN.....</i>	All of the Shares are ordinary shares in the Company and have been created under the Norwegian Public Limited Companies Act. The Shares are registered in book-entry form with the VPS and have ISIN NO 001 3209239.
<i>Currency, par value and number of securities.....</i>	The Shares will be traded in NOK on Oslo Børs. As of the date of this Prospectus, the Company's share capital is NOK 9,538,469.41340147 divided on 93,931,178 Shares, each with a nominal value of NOK 0.101547426706407.
<i>Rights attached to the securities.....</i>	The Company has one class of shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all shares in that class provide equal rights in the Company, including the rights to dividends. Each of the Shares carries one vote.
<i>Transfer restrictions.....</i>	The Shares are freely transferable. The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Shares. Share transfers are not subject to approval by the Board of Directors.
<i>Dividend and dividend policy.....</i>	The Company has not established any explicit dividend policy to date, but will strive to follow a dividend policy favorable to the shareholders.

### Where will the securities be traded?

Upon Listing, the Shares will be admitted to trading through the facilities of Oslo Børs. Trading in the Shares on Oslo Børs is expected to commence on or about 18 June 2024, under the ticker code "HERMA".

### What are the key risks that are specific to the securities?

<i>Material risk factors.....</i>	<ul style="list-style-type: none"><li>• The Company has a limited operating history leaving investors unable to evaluate the prospects of the Company</li><li>• Future issuances of Shares or other securities could dilute the holdings of shareholders and materially affect the price of the Shares</li><li>• The Company has a major shareholder with significant voting power and the ability to influence matters requiring shareholder approval</li><li>• Delays in anticipated revenues and payment of the Magnora Receivable may delay or reduce future dividend payments</li></ul>
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## KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

### Under which conditions and timetable can I invest in this security?

<i>Admission to trading.....</i>	On 22 April 2024, the Company applied for admission to trading and listing of its Shares on Oslo Børs. Oslo Børs approved the listing application on 24 May 2024. The Company expects commencement of trading in the Shares on Oslo Børs on or about 18 June 2024.
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### Why is this prospectus being produced?

<i>Reasons for the Listing.....</i>	The main reason for the Listing is to facilitate greater liquidity in the Shares and to attract new prospective shareholders in order to build a more diversified shareholder base. The Company believes it will have an enhanced profile with investors, business partners and customers through the Listing. In addition, the Company will have better access to the capital markets for financing of potential growth opportunities in the future.
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## 2 RISK FACTORS

*An investment in the Company and the Shares involves inherent risk. Investors should carefully consider the risk factors and all information contained in this Prospectus, including the financial statements and related notes. The risks and uncertainties described in this Section 2 "Risk factors" are the material known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.*

*The risk factors included in this Section 2 "Risk factors" are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category, the risk factors deemed most material for the Group, taking into account their potential negative affect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision. If any of the following risks were to materialize, either individually, cumulatively or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Shares.*

### 2.1 Risks related to the business of the Group and the industry in which it operates

#### 2.1.1 *The Company faces risks through its investments, including many which are outside of the Company's control*

The Royalty, Streams and licensing revenues acquired could be related to industries affected by cyclical variations, changes in regulatory frameworks, many of which may be subject to operational risks which in all material respects are outside of the Company's control. Future earnings and value of investments could be affected should any of these risks materialize. The Company is for example to a large extent dependent on barrels of oil extracted by a third-party pursuant to the license agreement with Dana Petroleum (E&P) Limited ("**Dana Petroleum**") for the Western Isles FPSO (the "**Western Isles License Agreement**") which is expected to generate revenue by way of Royalty payments, as further described in Section 8 "*Business of the Group*" (the "**License Business**"). The extraction of oil is vulnerable to both macroeconomic factors, such as oil price, general market conditions, interest rates, etc. as well as isolated risk with respect to a third party's extraction of oil. Any material adverse developments in macroeconomic conditions, regulatory frameworks and in a third-party's operations may have a severely negative effect upon the Company's financial results, cash-flow, condition, prospects and existing and future investments.

#### 2.1.2 *Illiquidity and scarcity of potential investments may delay or prevent the Company from making appropriate investments*

The Company's investment objective requires it to invest in Royalties and Streams (as defined below) which may be both illiquid and scarce, meaning that there is no pure-play Royalty-management companies or clear competitors in Norway and that there can be limited appropriate investment opportunities in accordance with the Company's investment objectives described in Section 8.3 "*Strategy and objectives*". Economic downturns, regulatory changes, unstable commodity prices, technological changes, entertainment industry shifts, pharmaceutical developments, political instability, conflicts, and trade restrictions are among the market conditions which may increase illiquidity and scarcity. Should this delay or prevent the Company from making appropriate investments and build its Royalty Model, the Company's revenues, financial condition, performance and outlook could be materially affected.

#### 2.1.3 *The Company is dependent on its current key personnel and permanently employing management persons in the future*

Although some of the account management tasks are not very technical and therefore not difficult to perform, some of the tasks and decisions as part of this process require significant skills and experience. For instance, the renegotiation of the Western Isles License Agreement due to the ownership of the Western Isles FPSO changing or the Western Isles FPSO being moved to a new oil field, requires significant experience to ensure the interests of the Group remains unchanged or improved. Furthermore, understanding the data from production and

offloading and making reasonable adjustments to forecasts and financial reports to provide an accurate update to the shareholders requires oil and gas industry experience which is not easily available. Lack of adequate experience within this area can cause significant damage to the Group in the form of economic losses.

Setting the strategy with the Board of Directors and then anchor the strategy with the majority shareholders is a task that both requires deep understanding of the business and the skill to bridge this with the input from relevant majority shareholders possessing industry experience and knowledge the Group can benefit from. This process also requires a personality and skill to create trust with the shareholders during these dialogues. Lack of adequate experience within this area with the shareholder base of the Group could lead to shareholders requesting the Board of Directors to make changes to the Management.

The only task as part of investment management that does not require significant experience and unique skills is the reporting of the portfolio, which can be performed by a controller. However, identification, review, terms negotiations, due diligence, and investment decision are not tasks that can be done by someone without significant experience in these tasks and within the areas the Company considers investing in. Lack of adequate experience within this area can cause significant damage to the Group in the form of losses on investments.

In summary, the above processes are both critical for the success of the Group and require personnel with unique skills and experience. The Management and/or Board of Directors may not have the necessary experience, and any failure by the Company to execute its announced strategy, including changes needed to the current strategy, could have a material adverse effect on the business, results of operations and financial condition of the Company.

These tasks are currently handled through a service level agreement with Magnora. The plan is that these tasks are expected to later be handled by personnel hired permanently by the Company. The Company's future development is therefore dependent on its ability to attract, retain and develop skilled personnel and to develop their level of expertise. Should the Company be unable to attract and retain skilled personnel, this could have a material adverse effect on the Company's business, results of operation, cash flows, financial condition and/or prospects.

#### *2.1.4 The Company will initially be dependent on cash at hand, cash from the Magnora Receivable and revenue streams from the Western Isles Licensing Agreement*

The Company has approximately NOK 25 million in cash and cash equivalents as at the date of this Prospectus in addition to a receivable from Magnora ASA ("**Magnora**") amounting to the two final milestone payments pursuant to Magnora's license agreement with Shell U.K. Limited ("**Shell**") for the Shell Penguins FPSO (the "**Shell Penguins License Agreement**") and together with the Western Isles License Agreement, the "**License Agreements**") of about USD 8.6 million (the "**Magnora Receivable**") which is expected to be settled in two installments within the next 12-18 months. In addition to this, the Company is dependent on the Western Isles License Agreement, which entitles the Company to a license fee of USD 0.50 per barrel produced and offloaded from the Western Isles FPSO for the lifetime of the vessel. As most of the Company's operating revenue derives from the Western Isles License Agreement, failure by the Company's counterparty under the Western Isles License Agreement to make payments to the Company in a timely manner or at all for any reason, could have a material adverse effect on the Company's financial condition, cash flows and/or prospects.

Further, as the level of income received under the Western Isles License Agreements is, as applicable, dependent on field production and development by the Company's counterparties, which are all factors outside of the Company control, there is no fixed level of income received by the Company under the Western Isles License Agreement in the future. Should the Western Isles License Agreement or any future license agreement be terminated or reduced due to the counterparties' contract termination or lower production, any such termination or reduction may have a material adverse effect on the business, results of operations, financial condition and prospects of the Company.

#### *2.1.5 Future earnings will depend on the profitability and development of the Company's investments*

Future earnings of the Company will depend on the earnings of its investments and/or on the licensing and realization of any ownership interests in those investments. There is a risk that the companies invested in from time to time may need to enter into financing or other arrangements whereby their possibility to distribute dividend or Royalty payments to the Company may be restricted, which in turn could reduce the future earnings of the Company.

As described in Section 8.3 "*Strategy and objectives*", key elements for the Company to achieve its objectives include building a diversified portfolio across industries as described in Section 7.2 "*Market segments*" below.

Building a diversified portfolio can reduce company specific risk and thereby lower the Company's cost of capital, which may inter alia result in an advantage when bidding for Royalties (as defined below). This diversification strategy is, however, contingent on multiple investment opportunities across industries being available, which may not be the case. Should the Company be successful in building a diversified portfolio, the Company's investments may nevertheless not become profitable in the future. Any failure by the Company to execute its announced investment strategy, could have a material adverse effect on the business, results of operations, and financial condition of the Company.

#### *2.1.6 The Company may depend on third parties for determination of Royalties or Streams*

Some of the Company's Royalties and Streams (as defined below), including pursuant to the Western Isles License Agreement, may be calculated by its counterparties based on the reported production or income. Each counterparty's calculation of the Company's Royalties and Streams will depend on the accuracy of the production and accounting functions of each such counterparty, and errors may occur from time to time with respect to the calculations made. Certain Royalty and Stream agreements may require the relevant counterparty to provide the Company with production and operating information that may, depending on the completeness and accuracy of such information, enable the Company to detect errors in the calculation of payments received. While the Company may have the contractual right to receive a statement for its Royalties and Streams, it may not have full information rights or audit rights pursuant to all of its Royalties and/or Streams agreements. As a result, the Company's ability to detect payment calculation errors or fraud through its internal controls and procedures may be limited, and in certain circumstances the Company may need to make retroactive revenue adjustments.

The Company intends that its Royalty and Stream agreements will provide it the right to audit the operational calculations and production data for the associated payments; however, such rights may not be obtained and, even where such rights are obtained, such audits may occur many months following the Company's recognition of the relevant revenue and may require the Company to adjust its revenue in later periods. Despite Management's implementation of procedures, systems and controls to ensure revenue earned from the Company's Royalties and Streams is properly accounted for, any inaccuracies in the calculation of payments could require the Company to later restate its financial statements which could have a material adverse effect on the Company's revenue, financial condition.

#### *2.1.7 There is typically no reliable liquid market available for the purposes of valuing the Company's investments*

Typically, there is no reliable liquid market for Royalties and Streams (as defined below). The lack of a liquid market for such investments can make it difficult to determine the true value of such instruments. The Company is therefore dependent on Management having the right experience and competence to evaluate the Company's investments. The Management may not have the necessary experience and the valuation of the investment portfolio may not reflect the actual value on realization of those investments. Should any of these risks materialize, the Company's investments may not achieve the target rates of return and could sustain capital losses. Any failure to evaluate the Company's investments could therefore have a material adverse effect on the business, results of operations, and financial condition of the Company.

#### *2.1.8 Risks related to acquisition and divestments of Royalties and/or licensing agreements*

The Company may both acquire and divest existing Royalties (as defined below) and/or licensing agreements or businesses as part of the strategy going forward. The rationale for such acquisitions and divestments could include, among others, buying businesses or Royalties considered to be compatible and advantageous, obtaining synergies or disposing of non-core businesses. Acquisitions and divestments do, however, involve several risks and may not lead to the intended synergies or value development.

Acquisitions may expose the Company to claims and reputational damage and could result in the incurrence of debt, impairment of goodwill or restructuring charges. Each risk could adversely affect the financial condition of the Company and its investment portfolio.

Divestments could, for example, expose the Company to claims from the buyer of a divested Royalty agreement or business for alleged or actual breaches of covenants, representations and warranties as well as for payment obligations under contractual indemnities. Any of the above could have a material adverse effect on the business, results of operations and financial condition of the Company.

#### *2.1.9 The Company's investments are subject to risks concerning due diligence prior to making an investment*

Prior to making an investment, the Management will perform due diligence on the proposed investment. The Management typically relies in part on information from third parties as a part of the due diligence process. Should the third parties underestimate or fail to identify risks and liabilities associated with the investment in question, it may adversely impact the value and returns from the proposed investment. This could in turn have a material adverse effect on the Company's revenue, financial condition, and ability to pay dividends, and, consequently, the market value of the Shares.

#### *2.1.10 Risks related to Royalty agreements*

The Company may in the future hold ownership stakes in companies in which it is not the sole investor. The Company's ability to receive revenues or dividends from such companies may depend not only on the profitability of such companies, but also on the terms of any agreements entered into with other shareholders or investors of said companies. Conflicts or disagreement with such shareholders or investors could, for example, lead to majority decisions against the Company's interests, which in turn could negatively affect the Company's business, prospects, financial position and operating results.

#### *2.1.11 The Company will be dependent on its counterparties making payments*

The Company depends upon the financial viability and operational effectiveness of its counterparties and the owners of the companies in which it has ownership stakes. As payments from production and sales will flow through the counterparty, there is a risk of delay and additional expense in receiving such payments. Additionally, under certain Royalties or Streams (as defined below), the Company may only receive payment when the Royalty or Stream counterparty is paid by the purchaser of the underlying production. Payments may be delayed as a result of, inter alia, restrictions imposed by lenders, operational issues or payment delays, including due to an insolvency of a counterparty. The Company's rights to payment under its investments will, in some cases, need to be enforced under a contract without the protection of a security interest that the Company could readily enforce. Failure to receive payments from a counterparty, or the failure to receive full recovery upon the insolvency of a counterparty, would reduce the returns on the Company's investments and therefore have a material adverse effect on the Company's revenue, financial condition and future prospects.

#### *2.1.12 Management may fail in implementing the Company's investment objective*

The Company's principal business is primarily to invest in and manage Royalties and/or closely related instruments/concepts. The Company may not achieve its investment objective, i.e., the application of free cash to invest in assets that return cash as a proportion of revenues or earnings, throughout the lifespan of the asset in question. Such secure, but uneven, cash flows may have variability that makes bank financing difficult or unattractive for the asset owner. The Company's success, including with respect to meeting its investment objectives, will depend on the Management's successful implementation of its investment policy and strategies and to create an investment portfolio generating attractive returns. A successful outcome will in turn be subject to a number of factors which are beyond the control of the Management and difficult to predict, including factors such as competition, political risks, price of investments versus available capital, access to competent advisors, disputes concerning ownership and rights, market conditions and the timing of investments relative to market cycles.

Should the Company be unsuccessful in achieving its investment objectives, either partially or in full, any such failure may have an adverse effect on the Company's future business, prospects, revenues and dividend distributions.

Other factors, such as adverse changes to anticipated revenue and payment of the Magnora Receivable may delay planned investments, as further described in Section 2.1.17 "*Delays in anticipated revenue and payment of the Magnora Receivable may delay planned investments*".

#### *2.1.13 The Company may not be successful in building a Royalty Model*

The Company's long-term objective is to build a business model whereupon the Group expands its royalties from currently having payments and revenues from one license, to have a portfolio of acquired licenses, providing the Group with a stream of license revenues from a diversified portfolio of licenses (the "**Royalty Model**"), on par with similar business models internationally. There is, however, several factors that could cause the Group to be unsuccessful in building up such a portfolio of licenses, which, inter alia, are subject to the risk factors set out in

Section 2.1.2 *"Illiquidity and scarcity of and/or competition concerning potential investments may delay or prevent the Company from making appropriate investments"*, Section 2.1.3 *"The Company is dependent on its current key personnel and permanently employing management persons in the future"*, Section 2.1.8 *"Risk related to acquisition and divestment of Royalties and/or licensing agreements"*, 2.1.9 *"The Company's investments are subject to risks concerning due diligence prior to making an investment"*, and Section 2.1.12 *"Management may fail in implementing the Company's investment objective"*.

#### 2.1.14 *Interest rate risk*

In the event the Company's income from relevant investments drops significantly below expected levels, the use of borrowings could increase the impact of such a drop on the Company's revenues. This could in turn have an adverse effect on the Company's ability to pay dividends and make new investments.

The Company may further be exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may affect the interest expense required to be paid by the Company, affecting the financial results of the Company. In the event that interest rate movements raise the interest payable by the Company, net returns to investors may be reduced and the Company may find it difficult or costly to refinance indebtedness as it matures.

#### 2.1.15 *Natural disasters, adverse weather conditions, wars and pandemics etc. may affect revenues from the Western Isles License Agreement and payment of the Magnora Receivable*

Natural disasters such as floods, landslides, earthquakes, hurricanes and other geohazards may negatively affect the operation of the Western Isles FPSO and Shell Penguins FPSO generating revenues pursuant to the License Agreements, as well as other businesses in which the Company may invest in the future. Other severe weather phenomena such as strong wind, hailstorms, snow and lightning may also disrupt the functionality of components or even cause damage. Such adverse weather and other natural disasters may increase operating costs as well as reduce revenues for the Company's investments and impact payment of the Magnora Receivable, which in turn could have a material adverse effect on the Company's financial position, cash flows and results. Even in a stable climate, the weather varies from year to year, and hence the productivity of certain assets may vary. This may influence periodic revenues from the Company's investments and impact payment of the Magnora Receivable, and thus the Company's financial position, cash flows and results.

The outbreak of a pandemic and similar events in the future may also affect the overall performance of the Company, including its investments and its ability to implement its business plan. The effects of a pandemic could negatively affect field production and offloading for the Western Isles FPSO and Shell Penguins FPSO, which in turn could have an adverse effect on the level of revenue received by the Company under the Western Isles License Agreement and payment of the Magnora Receivable.

Furthermore, wars can have various effects on the Company through causing global transportation constraints and thereby limiting access to certain materials, transportation, and thus causing costs to increase. This may influence periodic revenues from the Company's investments and payment of the Magnora Receivable, and thus the Company's financial position, cash flows and results.

#### 2.1.16 *Political changes may affect current and future investments*

Political changes could adversely affect the value of and returns on the Company's investments. For example, there has been advocacy efforts to ban oil extraction in Europe. Such a ban would significantly impact the returns from Royalties in the Western Isles FPSO, which would have to be relocated to other markets. This could in turn have a material adverse effect on the Company's revenue, financial condition, and ability to pay dividends.

#### 2.1.17 *Delays in anticipated revenues from the Western Isles License Agreement and payment of the Magnora Receivable may delay or reduce future investments*

The Company has a business model of licensing out its intellectual property rights, and is as of the date of this Prospectus, dependent on one licensing agreement providing proceeds, i.e., the Western Isles License Agreement. The revenues are, however, planned to halt for approximately 24 months due to the Western Isles FPSO being moved from the Western Isles field to the Greater Buchan Area. Consequently, the Company will have lower revenues during this period, and reduced capacity to make new investments. As of the date of the Prospectus it is uncertain how long it will take for the Western Isles FPSO to become fully operational at the Greater Buchan Area. The longer it takes to move the Western Isles FPSO, the greater the effect on the Company's result of operations, including available funds to implement its investment objectives. Furthermore, the Company expects

payment on the Magnora Receivable, and any delay in receiving full payment with respect to the Magnora Receivable may have an adverse effect on future investments. To the extent there is a delay in both revenues from the Western Isles License Agreement and payment of the Magnora Receivable, this is expected to have an impact on the Company's ability to make further investments. Should the Company be unsuccessful in implementing its investment objectives, either partially or in full, any such failure may have an adverse effect on the Company's future business, prospects and revenues.

## **2.2 Risks related to laws, regulations and compliance**

### *2.2.1 Risks related to intellectual property rights*

The Company's investments may rely on a variety of intellectual property rights, other proprietary information and trade secrets, which are used in services and products. The companies in which the Company has invested may not be able to successfully preserve such intellectual property rights, proprietary information and/or trade secrets, and intellectual property rights of these companies could be invalidated, circumvented, or challenged. Failure to protect intellectual property rights or other information and/or trade secrets used in the services and products used or owned by the companies in which the Company has invested, could have a material adverse effect on the competitive position of such companies, which in turn could negatively affect the Company's business, prospects, financial position and operating results.

Further, any actual or alleged infringement of the intellectual property rights of others by the companies in which the Company has invested, could have a material adverse effect on the business of such company, which in turn could negatively affect Company's business, prospects, financial position and operating results.

### *2.2.2 Risks related to litigation, disputes and claims*

The Company may from time to time be involved in litigation and disputes. Royalties and Streams (as defined below) are generally subject to uncertainties and complexities arising from the application of contract and property laws in the jurisdiction where the underlying business is located and therefore understanding these issues is a complex matter. Disputes could arise challenging, among other things, various rights of the Royalty or Stream counterparty and/or third parties in or to the Royalty or Stream, methods for calculating the payment due under the Royalty or Stream, production and other thresholds and caps applicable to payments under the Royalty or Stream agreements, the obligation of a counterparty to make payments or provide information, and various defects or ambiguities in the agreement governing a Royalty or Stream.

Unknown defects in or disputes relating to Royalties or Streams that the Company may hold from time to time may prevent it from realizing all of the anticipated benefits from its Royalties and Streams and could reduce or delay the returns on the Company's investments and therefore have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the market value of the Shares.

The risks inherent in the business of the Company may also expose the Company to, amongst other things, litigation, including contractual litigation, intellectual property litigation, employment and labor litigation, litigation related to environmental issues, personal injury litigation, tax or securities litigation, as well as other litigation that arises in the ordinary course of business. Any exposure to such claims, litigation, and compliance risks could expose the Company to losses and liabilities. Such claims, disputes and proceedings are subject to uncertainty, and their outcomes are often difficult to predict. Adverse regulatory action or judgment in litigation could result in sanctions of various types for the Company, including, but not limited to, the payment of fines, damages or other amounts, the invalidation of contracts, restrictions or limitations on the operations of the Company, any of which could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Company.

## **2.3 Risks related to financial matters**

### *2.3.1 Currency exchange risks*

The Company is exposed to foreign currency and exchange rate fluctuations. Specifically, the income under the License Agreements is received in United States Dollars ("**USD**"), while the Company's functional currency is Norwegian Kroner ("**NOK**") since it is the currency of the primary economic environment in which it operates. Consequently, weakening of the USD against the NOK could adversely affect the financial results of the Company.

## **2.4 Risks related to the Shares and the Listing**

### **2.4.1 *The Company has a limited operating history leaving investors unable to evaluate the prospects of the Company***

The Company was incorporated on 23 August 2023 and has a limited history. The Company's operating history is limited to the Western Isles License Agreement which is expected to generate revenue by way of Royalty payments, as further described in Section 8 "Business of the Group". Historical financial information relating to the License Business is further described in Section 10 "Selected financial information and other information" and Section 11 "Operating and financial review". Although the Company intends to invest primarily in a portfolio of Royalties and Streams (as defined below), it currently has no investments and will not carry out any such investments until after the Listing. Consequently, prior to Listing, prospective investors in the Company will be unable to evaluate the terms of any potential investment opportunities or actual significant investments to assist them in evaluating the prospects of the Company and the related merits of an investment in the Shares. Any failure to accurately evaluate the merits of an investment in the Shares could result in loss of all or part of an investment in the Shares.

### **2.4.2 *Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares***

The Company may in the future decide to offer and issue new Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. Accordingly, the Company's shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

As further described under Section 12.5 "*Share incentive program*", the Group intends, but has not yet made any firm decisions, to implement a share option program covering certain employees in senior positions. Should the options be exercised partially or in full prior to expiration of such options, the existing shareholders of the Company will be diluted.

### **2.4.3 *The Company has a major shareholder with significant voting power and the ability to influence matters requiring shareholder approval***

As of the date of Listing, Magnora controls 30% of the Shares of the Company. The Company and its minority shareholders may from time-to-time experience conflicts of interest in its relationship with its major shareholder, and because of its major shareholder's significant stakes in the Company, resolutions of these conflicts may not be on the most favorable terms for the Company or its other shareholders. Further, the interests of the Group's shareholders, including the major shareholder may differ from other shareholders in material respects, and their respective affiliates may also have an interest in pursuing acquisitions, combinations, divestitures, financings or other transactions that, in their judgment, could enhance their investments, even though such transactions might involve risks and may not be on the most favorable terms for the Company or its other shareholders.

### **2.4.4 *Delays in anticipated revenues and payment of the Magnora Receivable may delay or reduce future dividend payments***

As mentioned in Section 2.1.17 "*Delays in anticipated revenues and payment of the Magnora Receivable may delay or reduce future investments*", the Company will have lower revenues during the 24-month period in which the Western Isles FPSO will be moved from the Western Isles to the Greater Buchan Area. The longer it takes to move the Western Isles FPSO, the greater the effect on the Company's result of operations, including available funds to carry out the Company's intention to distribute dividends. Furthermore, the Company expects payment on the Magnora Receivable, and any delay in receiving full payment with respect to the Magnora Receivable may have an adverse effect on future dividend payments. To the extent there is a delay in both revenues and payment of the Magnora Receivable, this is expected to have an impact on the Company's ability to distribute dividends. Should the Company be unsuccessful in carrying out its intention to distribute dividends, either partially or in full, any such failure may have a material adverse effect on the market price of the Shares.

### **3 RESPONSIBILITY FOR THE PROSPECTUS**

This Prospectus has been prepared by Hermana Holding ASA, with business address Karenslyst allé 6, 0278 Oslo, Norway, solely in connection with the Listing of the Shares on Oslo Børs as described herein.

The Board of Directors of Hermana Holding ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and makes no omission likely to affect its import.

17 June 2024

#### **The Board of Directors of Hermana Holding ASA**

Erik D. Sneve  
*Chair*

Torstein Sanness  
*Board member*

Hilde Ådland  
*Board member*

Lars Ørving Eriksen  
*Board member*

Nina Skage  
*Board member*

## 4 GENERAL INFORMATION

### 4.1 The Reorganization

On 14 April 2024, Magnora transferred the Western Isles License Agreement into an existing and wholly owned subsidiary, Western Isles Holding AS (previously named Project Tripartite 2 AS). The carve out was implemented by means of a demerger of Magnora, where the License Business was transferred to Project Tripartite 1 AS (a second, wholly owned subsidiary of Magnora). Subsequently, a triangular merger took place where Project Tripartite 1 AS was merged with Western Isles Holding AS, with Magnora issuing consideration shares to the shareholders by increasing the nominal value of their shares in Magnora. Following this process, the License Business was from 14 April 2024 owned by Western Isles Holding AS (the "**Internal Reorganization**").

Next, 70% of the shares in Western Isles Holding AS was transferred from Magnora to the Company in a second demerger on 14 June 2024 (the "**Spin-Off Demerger**"). As a result of the Spin-Off Demerger, the share capital in Magnora was reduced, and the shareholders in Magnora received the same number of shares as they held in Magnora in the Company upon completion of the Spin-Off Demerger.

Finally, Magnora's remaining 30% shareholding in Western Isles Holding AS was contributed as a contribution in-kind to the Company, involving an increase in the share capital of Hermana from NOK 6,676,928.63 to NOK 9,538,469.41340147 through the issuance of 28,179,353 new shares, each with a par value of NOK 0.101547426706407 (together with the Spin-Off Demerger and Internal Reorganization, the "**Reorganization**"). Following the contribution in-kind transaction, Magnora became the owner of 30% of the Shares, with the Company as owner of 100% of the shares in Western Isles Holding AS (which in turn owns the License Business). As a consequence of the above transactions as part of the Reorganization, Magnora's shareholders have received 70% of the Company's Shares as consideration shares, while Magnora is a 30% owner.

As part of the Reorganization, Western Isles Holding AS was also provided with a cash contribution of NOK 25 million from Magnora, in order to ensure that the Group has adequate working capital from the Listing, in addition to the Magnora Receivable. The Magnora Receivable amounts to the two final milestone payments from Shell Penguins of about USD 8.6 million (equal to the NOK equivalent of approximately 90 million), first expected to be paid from Shell Penguin to Magnora and second from Magnora to the Company, estimated to be paid to the Company in two payments within the next 12-18 months. The payment to the Company of the Magnora Receivable will not have any impact on the Company's results. For further details regarding the Magnora Receivable, please refer to Section 8.5 "*Business operations*".

### 4.2 Approval of the Prospectus

This Prospectus has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the Shares and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the listing of the Shares on Oslo Børs, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus, shall under any circumstance imply that there has not been any change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

The Company has furnished the information in this Prospectus. The Listing Advisor makes no representation or warranty, expressed or implied, as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Prospectus is, or shall be relied upon, as a promise or representation in this respect, whether as to the past or the future. The Listing Advisor disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement.

Neither the Company, the Listing Advisor, nor any of its respective affiliates, representatives, advisers or selling agents, is making any representation, express or implied, to any offeree or purchaser of the Shares regarding the

legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

Investing in the Shares involves a high degree of risk. See Section 2 "*Risk factors*".

### **4.3 Presentation of financial and other information**

#### *4.3.1 Financial information*

In relation to the Reorganization and subsequent Listing, the Company has prepared Carve-Out Financial Statements for the financial years ended 31 December 2023, 2022, and 2021 based on the historical audited financial statements of Magnora (i.e. continuity of the carrying values of the transferred assets and liabilities) (the "**Carve-Out Financial Statements**"). The Carve-Out Financial Statements have been prepared in accordance with IFRS as adopted by EU, and subject to full audit by the Company's auditor, Deloitte AS. The Carve-Out Financial Statements are appended hereto as Appendix B.

In addition, audited stand-alone financial statements for the period starting on 23 August and ending on 31 December 2023 have been prepared by the Company, in accordance with IFRS as approved by EU (the "**Stand-Alone Financial Statements**"). The Stand-Alone Financial Statements have been audited by Deloitte AS. The Stand-Alone Financial Statements have been incorporated by reference into this Prospectus, and further details are set out in Section 17.4 "Incorporation by reference".

Other than set out above, Deloitte AS has not audited, reviewed or produced any report or any other information provided in this Prospectus.

#### *4.3.2 Functional currency and foreign currency*

In this Prospectus, all references to "**NOK**" are the lawful currency of Norway and all references to "**USD**" are the lawful currency of the United States of America.

The Company has NOK as functional currency, and the Financial Statements are presented in NOK.

#### *4.3.3 Rounding*

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

### **4.4 Third-party information**

In this Prospectus, the Company has used industry and market data from independent industry publications and market research as set out in footnotes to Section 7 "*Industry and Market Overview*" and Section 8 "*Business of the Group*" and other publicly available information. Sources behind paywall include the Financial Times, and the Company refers to an article published in the Financial Times in 2022, describing how major investment firms are investing in music rights.<sup>1</sup> While the Group has compiled, extracted and reproduced industry and market data from external sources, the Group has not independently verified the correctness of such data. Unless otherwise indicated, such information reflects the Group's estimates based on analysis of multiple sources, including data compiled by professional organizations, consultants and analysts and information otherwise obtained from other third party sources, such as annual financial statements and other presentations published by listed companies operating within the same industry as the Group may do in the future. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Group's competitive position in the future is based on the Group's own assessment and knowledge of the potential market in which it operates.

The Group confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Group is aware and is able to ascertain from information published by these third party providers, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Group does not intend, and does not assume any obligations to update industry or market data set forth in the Prospectus.

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<sup>1</sup> Financial Times (2022) How Wall Street stormed the music business. Available from: <https://www.ft.com/content/e879f856-3ec3-4bd7-b564-ada5b590e3ef> (behind paywall)

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Group has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently unpredictable and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

The Company cautions prospective investors not to place undue reliance on the above mentioned data. Unless otherwise indicated in the Prospectus, any statements regarding the Group's competitive position are based on the Company's own assessment and knowledge of the market in which it operates.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "*Risk factors*" and elsewhere in this Prospectus.

#### **4.5 Cautionary note regarding forward-looking statements**

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. These forward-looking statements are not historic facts. They appear, among other areas, in the following sections in this Prospectus; Section 7 "*Industry and market overview*", Section 8.11 "*Capitalisation and indebtedness*", Section 10 "*Selected financial and other information*", and Section 11 "*Operating and financial review*", and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group's future business development and financial performance in the industry in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees for future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- the competitive nature of the business and industry in which the Group operates and the competitive pressure and changes to the competitive environment in general;
- implementation of the Group's strategies;
- earnings, cash flow, dividends and other expected financial results and conditions;
- inaccuracy relating to estimates or calculations of payments received;
- failure by counterparties to meet their obligations;
- failure to attract, retain and motivate qualified personnel;
- legal proceedings;
- damage to the Group's reputation and business relationships;
- fluctuations of interest and exchange rates;
- changes in general economic and industry conditions, including changes to tax rates and regimes;
- political, governmental, social, legal and regulatory changes;
- access to funding; and

- operating costs and other expenses

The risks that could affect the Group's future results and cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 "*Risk Factors*".

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

## **5 REASONS FOR THE LISTING**

The main reason for the Listing is to facilitate greater liquidity in the Shares and to attract new prospective shareholders in order to build a more diversified shareholder base. The Company believes it will have an enhanced profile with investors, business partners and customers through the Listing. In addition, the Company will have better access to the capital markets for financing of potential growth opportunities in the future.

## **6 DIVIDEND AND DIVIDEND POLICY**

### **6.1 Dividend policy**

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will comply with the legal requirements set out in the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (the "**Norwegian Public Limited Liability Companies Act**") (see Section 6.2 "*Legal constraints on the distribution of dividends*") and take into account the Company's capital requirements, including capital expenditure requirements, the Company's financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Liability Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

The proposal to pay a dividend in any year is, in addition to the legal restrictions set out in Section 6.2 "*Legal constraints on the distribution of dividends*", further subject to any restrictions in the Company's borrowing arrangements or other contractual arrangements in place at the time.

Further, the tax legislation of an investor's Member State and of the Company's country of incorporation (Norway) may have an impact on the income received from the Shares, see Section 16 "*Norwegian Taxation*".

The Company has not established any dividend policy to date but will strive to formulate and follow a dividend policy favorable to the shareholders.

Since its formation, the Company has not paid any ordinary dividends on its Shares.

### **6.2 Legal constraints on the distribution of dividends**

Dividends may be paid in cash, or in some instances as dividends in kind. The Norwegian Public Limited Liability Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Public Limited Liability Companies Act provides that the Company may distribute dividends to the extent that the Company's net assets following the distribution are sufficient to cover (i) the Company's share capital, (ii) the Company's reserve for valuation variances and (iii) the Company's reserve for unrealized gains. Any receivables of the Company which are secured through a pledge over the Company's Shares and the aggregate amount of credit and security which, pursuant to Sections 8-7 through to 8-10 of the Norwegian Public Limited Liability Companies Act fall within the limits of distributable equity are to be deducted from the distributable amount;
- the calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the previous financial year, provided, however, that the registered share capital as at the date of the resolution to distribute dividends shall be applied. Following approval of the annual accounts for the last financial year, the general meeting of shareholders may also authorize the Board of Directors to declare dividends on the basis of the Company's annual accounts;
- dividends may also be resolved by the general meeting of shareholders based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date no older than six months before the date of the general meeting's resolution; and
- dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound in light of the risk and scope of the Company's business.

Pursuant to the Norwegian Public Limited Liability Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the general meeting of shareholders when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian public limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises. The Norwegian Public Limited Liability Companies Act does not provide any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends.

### **6.3 Manner of dividend payments**

Any future payments of dividends on the Shares will be made in the currency of the bank account of the relevant shareholder registered with the VPS and will be paid to the shareholders through the VPS. Shareholders registered in the VPS who have not supplied the VPS with details of their bank account, will not receive payment of dividends unless they register their bank account details with Nordea Bank Abp, filial i Norge (address: Essendrops gate 7, 0368 Oslo, Norway) as the Company's VPS registrar ("**VPS Registrar**"), and transfer fees may apply for payments made in such manner. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the exchange rate of the relevant bank on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar.

## 7 INDUSTRY AND MARKET OVERVIEW

This Section provides an overview of the principal market in which the Group operates. Information concerning future market developments, the markets in general, competition, industry trends and similar information, is based on data compiled by professional analysts, consultants and other professionals. The Listing Advisor has provided statistical information and data, and information is sourced from the Listing Advisor databases and other professional industry sources.

### 7.1 Market introduction

The Company's principal business is to invest in and manage royalties, primarily in Norway. The Company will, however, also consider investing in and managing royalties and similar instruments outside Norway if favorable opportunities present themselves. Royalties are rights to a share of an asset's future revenue stream, acquired through an upfront investment ("**Royalties**").<sup>2</sup> The use of Royalties is most prominent in mining, O&G, pharmaceuticals as well as cultural intellectual property rights (IP)s, but the concept can be applied to other sectors. The Company has defined the market for Royalties as the revenue potential from applying this concept to businesses and assets across different industries. A similar concept to Royalties is streams, which is a right to purchase a share of future production at an agreed-upon price ("**Streams**").

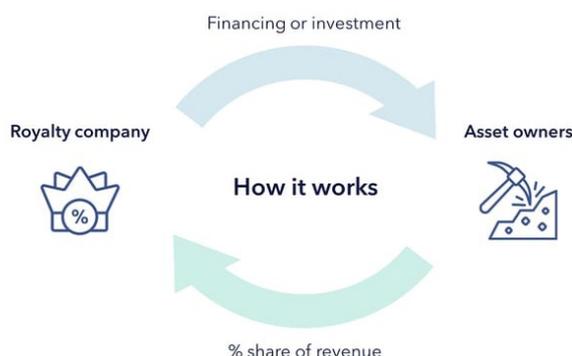
Royalties inherit several advantageous characteristics to both the buyer and issuer, although varying somewhat from sector-to-sector. Generally, Royalties can offer buyers:

- Exposure to hard-to-access private assets
- Upside exposure to the price and volume sold of the underlying assets, or downside protection, depending on how the Royalty contract is structured. For example, oil price and exploration success or price of pharmaceutical and its popularity
- Limited financial or operational risk, as the right normally is tied to revenue throughout the underlying asset's lifetime, persisting in case of bankruptcy and change of owners of the underlying asset
- No dilution risk, as the Royalty normally entitles its owner to a percentage of future revenue stream, unaffected by equity issuance
- Seniority in capital structure
- Inflation hedge as the Royalty entitles its owner to a percentage of future revenue stream, increasing in line with inflation

To issuers, Royalties can offer:

- Upfront capital today in exchange for a long-dated stream of payments
- Non-dilutive funding for business development, growth and investment
- Continued operational control, as Royalty owners normally hold no influence over operations
- Lower cost of capital than issuing equity and less restrictive than debt
- Funding absent of principal and interest
- Expedited due diligence and closing – process

**Figure 1** - Illustrating the Royalty business model<sup>3</sup>



The Norwegian economy is largely resource-driven with petroleum, seafood, hydropower, wind power, minerals, forests etc., while the other Nordic countries have more industry driven by intellectual property rights, with strong

<sup>2</sup> DLA Piper (2021) Scope, fees, IP, relief: Mastering the elements of good licensing. Available from: <https://www.dlapiper.com/en/insights/publications/2021/03/mastering-the-elements-of-good-licensing> (free source)

<sup>3</sup> The figure is inspired by a similar model sketched by TEMA ETF (a U.S. ETF manager with a fund dedicated to Royalties)

brands and franchises globally. Together, the Nordic countries provide ample opportunities for a Royalty Model, allowing for diversification across industries.

## 7.2 Market segments

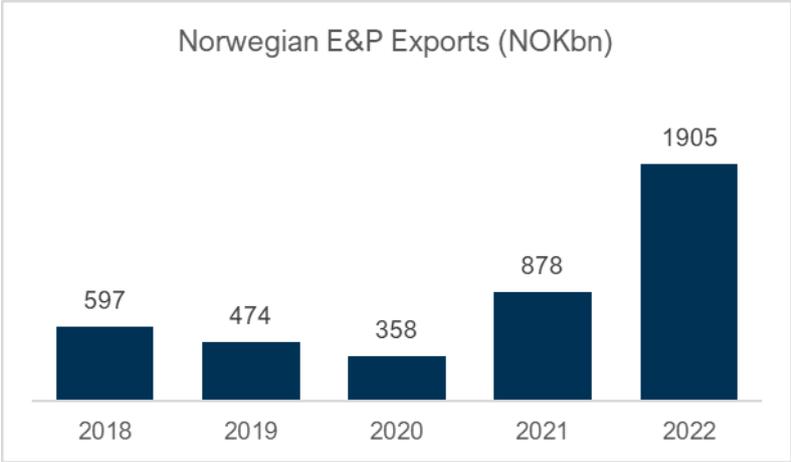
The following highlights the markets for E&P, mining, pharmaceutical, music, IP, franchising and fish farming, with emphasis on the Nordics, indicating each individual market's size by stating aggregate revenue or another indicator. While the Company's main focus is investments in Norway, the Company will consider investments outside of Norway, then with an emphasis on the Nordic region. It is natural that investments in certain market segments are more focused on the Norwegian market, such as E&P and fish farming, where Norway has as an outsized role in the Nordics, whereas the geographical focus for other market segments may be broader. The following descriptions of relevant market segments thus seek to particularly highlight the Norwegian market potential.

### 7.2.1 Exploration & production (E&P)

Oil companies require considerable capital expenditure to drill wells, both onshore and offshore. Companies may use Royalties or Streams, selling a share of future revenue or physical production against capital upfront to fund project development respectively. Royalties also arise from land ownership, where owners receive Royalties for the exploitation of oil and gas resources under their property. The latter is prominent in the U.S. The market for Royalties and Streams in oil and gas is more established in North America compared to the rest of the world. Thus, markets outside of North America is expected to be less competitive.

Norway's production covers about 2% of global crude demand and 3% of natural gas demand. In recent years, Norway has supplied between 20% and 25% of the EU and United Kingdom's gas demand. There's a large funding need and hence an investment opportunity for the Company. At year-end 2023, there was 27 active companies on the Norwegian Shelf, of which 20 were operators, that the Company can target.<sup>4</sup> Total production was about 233 million Sm<sup>3</sup> o.e oil equivalents in 2023, while the export value of crude and natural gas was about NOK 1,900 billion in 2022, supporting the market potential.

**Figure 2** - Illustrating the export value of crude, condensate and natural gas from Norway.



Source: Norwegian Petroleum, Exports of Oil and Gas (2024)

### 7.2.2 Mining

Production-linked lending has become staple of mining finance globally, both for base and precious metals. The two dominant production linked models are Royalty and Stream arrangements. Royalty and Stream finance have been popular in Canada for many years and are increasingly used in the UK. The mining industry also faced challenges in raising capital from public debt and equity markets after the commodity downturn in 2014 and turned to alternative financing methods such as Stream and Royalty financing.

Royalties are flexible and can replace or sit alongside many other sorts of capital raise. They can be used in place of early equity investments to fund exploration, project financing during the construction phase, and working capital facilities during the operational life of a mine.

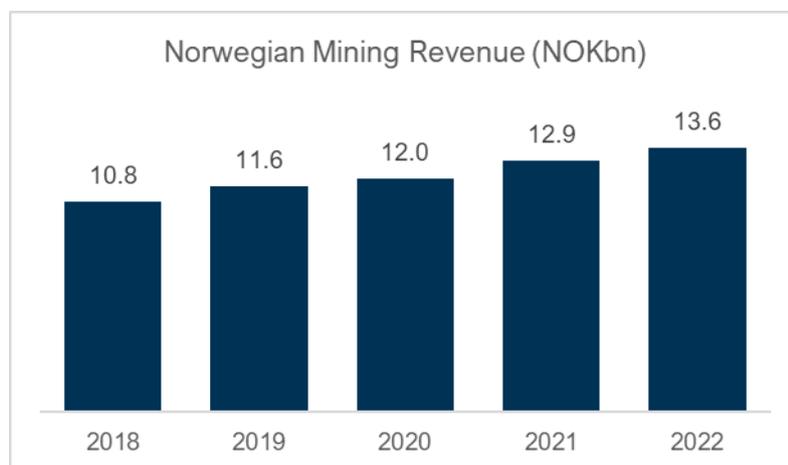
<sup>4</sup> Norsk Petroleum (2024) Exports of Oil and Gas. Available from: <https://www.norskpetroleum.no/en/production-and-exports/exports-of-oil-and-gas/> (free source)

Stream arrangements are often for a by-product of the mining operation, rather than the main mineral being produced. In return for the up-front payment, the purchaser has the right to in the future purchase a share of the minerals produced for a pre-determined price. The grantor may be required to physically deliver the minerals to the funder, but the sale is more commonly credited to the funder's metal account at a recognized metals market, such as the London Metals Exchange.<sup>5</sup>

In the Nordic, Sweden has the largest mining industry. Sweden is by far the largest iron ore producer in the EU and among the foremost producers of base and precious metals. Mining is often a long-term operation. Of mines currently operational in Sweden, eight are more than 50 years old. Moreover, many Swedish engineering companies have their origins in the mining industry and are today world leaders in mining equipment and mining technology, leaving room for Royalties from the licensing of intellectual property rights in addition to traditional mining and Stream arrangements. Sales by the Swedish mining industry totaled almost SEK 69 billion in 2022.<sup>6</sup>

In comparison, sales by the Norwegian mining industry totaled NOK 13.6 billion in 2022. Construction minerals and iron ore accounts for about 50% and 20% respectively of sales by the Norwegian mining industry. Rana Gruber AS together with Titania AS have almost the entire iron ore business. The former currently has no Royalty agreements.<sup>7</sup> Deep-sea mining on the Norwegian continental shelf offers further upside potential to addressable market size, for both traditional Royalty and Stream arrangements and intellectual property rights for new technology.<sup>8</sup>

**Figure 3** - Illustrating the value of minerals sold in Norway



Source: Directorate of Mining with Commissioner of Mines at Svalbard, *Harde Fakta (2018-2022)*

### 7.2.3 Pharmaceutical

Investing in pharmaceutical Royalties began in the mid-90s in the U.S., pioneered by Royalty Pharma, the world's biggest acquirer of biopharmaceutical Royalties today.<sup>9</sup> Royalty Pharma owns partial rights to several of the 30 top-selling drugs in the U.S. In exchange for upfront payment, a pharmaceutical Royalty investor acquires Royalties on future drug sales. To generate a high return, funds place long-shot bets on drugs that are still in the development phase. Investing in new drugs that has been approved for sale by regulators removes some risk. Royalty Pharma usually buys the Royalties from patent holders, often universities or hospitals, wanting to convert future Royalties into cash right now.<sup>10</sup>

The Nordic pharmaceutical market is vast, led by Novo Nordisk, Europe's most valuable company. The Norwegian pharmaceutical market measured in revenue was more than NOK 40 billion in 2023, making an attractive market for Royalty investing. While the Nordics have a leading position within pharmaceuticals internationally, drug Royalty investing appears as a comparably new terrain.

<sup>5</sup>Gowling WLG (2021) Alternative Mine Financing. Available from: <https://gowlingwlg.com/en/insights-resources/articles/2021/alternative-mine-financing/> (free source)

<sup>6</sup>SGU (2023) Statistics of the Swedish Mining Industry 2022. Available from: <https://www.sgu.se/globalassets/produkter/publikationer/2023/statistics-of-the-swedish-mining-industry-2022.pdf> (free source)

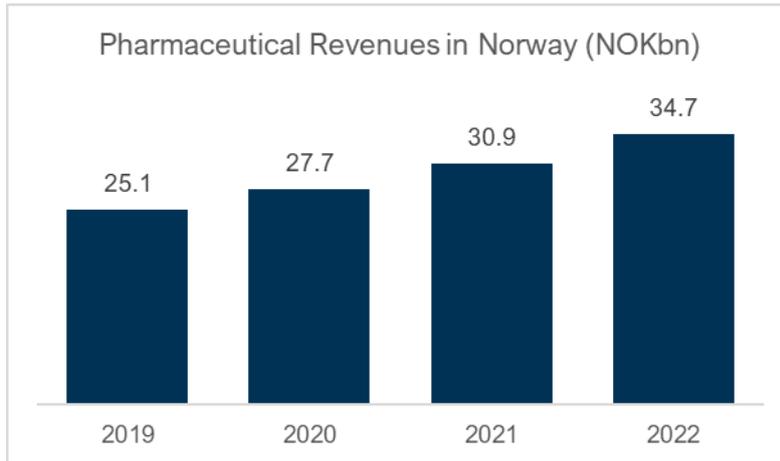
<sup>7</sup>Directorate of Mining (2023) *Harde Fakta 2022*. Available from: <https://www.dirmin.no/hardefakta> (free source)

<sup>8</sup>Norwegian Government (2023) Norwegian Mineral Strategy. Available from: <https://www.regjeringen.no/en/dokumenter/norges-mineralstrategi/id2986278/> (free source)

<sup>9</sup>Royalty Pharma (2024) Our Firm. Available from: <https://www.royaltypharma.com/our-firm/> (free source)

<sup>10</sup>Lo, Andrew (MIT) (2014) New Financing Methods in the Biopharma Industry. Available from: <https://dspace.mit.edu/handle/1721.1/109104> (free source)

**Figure 4** - Illustrating the value of pharmaceuticals sold in Norway

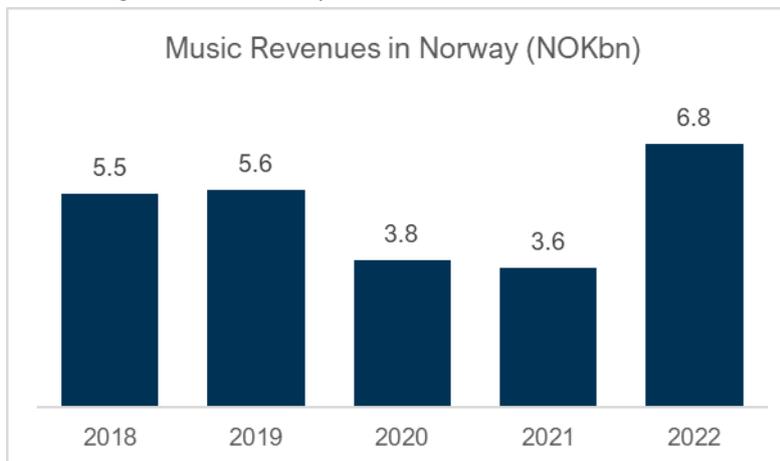


Source: Farmastat, Monthly sales data (2019-2022)

#### 7.2.4 Music and other cultural rights

Investing in music rights have increased in popularity over the last years, with the U.K.-based Hipgnosis Songs Fund among the most active in acquiring catalogues of songs, buying works by artists such as Neil Young.<sup>11</sup> The likes of Apollo, Blackstone and KKR have also recently invested in music rights.<sup>12</sup> Global music revenues were close to USD 29 billion in 2023, while the Norwegian market was NOK 6.8 billion.<sup>13</sup> The Norwegian market has shown healthy growth. While revenue declined during the pandemic, it's now well above pre-pandemic levels. The Royalty Model could also be applied to other cultural intellectual property such as literature and plays. Revenue for the Norwegian book industry totaled NOK 7.1 billion in 2022.<sup>14</sup>

**Figure 5** - Illustrating the value of recorded music, concert revenues, rights revenues, and export revenues for the Norwegian music industry



Source: Arts and Culture Norway, Kunst i tall (2022)

#### 7.2.5 Franchising

Franchises have a strong position in Nordics and is in itself is a form for Royalty Model. A franchisee pays Royalty to the franchisor. The latter, given a strong brand e.g. "Burger King", may operate a number of stores and simultaneously have substantial earnings from third parties making use of the brand name. Burger King Scandinavia, formerly owned by UMOE restaurants, had elements of this business model, owning the franchise rights for Sweden, Denmark and Norway, both operating own restaurants and licensing out the brand.<sup>15</sup> For

<sup>11</sup> Hipgnosis (2024) About. Available from: <https://www.hipgnosisongs.com/hipgnosis-song-management/> (free source)

<sup>12</sup> Financial Times (2022) How Wall Street stormed the music business. Available from: <https://www.ft.com/content/e879f856-3ec3-4bd7-b564-ada5b590e3ef> (behind paywall)

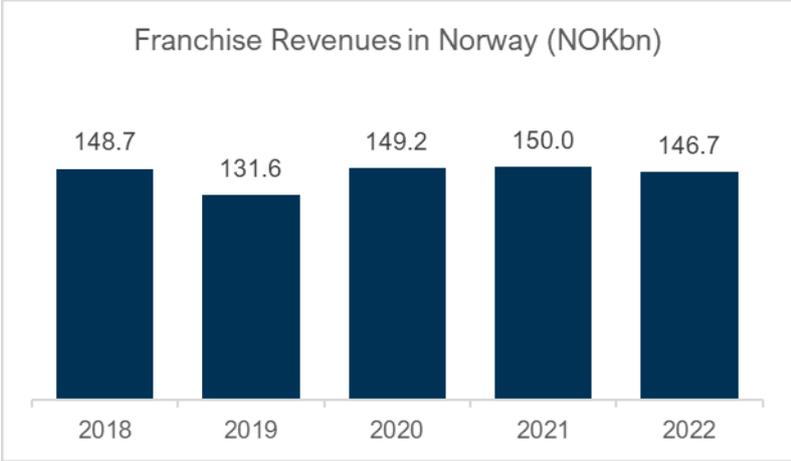
<sup>13</sup> IFPI (2024) Global Music Report. Available from: <https://www.ifpi.org/ifpi-global-music-report-global-recorded-music-revenues-grew-10-2-in-2023/> (free source)

<sup>14</sup> Arts and Culture Norway (2023) Kunst i tall 2022. Available from: <https://www.kulturdirektoratet.no/documents/10157/47d3c8c1-c1c3-4904-91e0-ad4a364b03d2#page=45&zoom=100,0,0> (free source)

<sup>15</sup> RIH (2021) RIH AG acquires Burger King Scandinavia. Available from: <https://www.ringholding.com/en/2021-rih-ag-acquires-burger-king-scandinavia/> (free source)

Royalty investors not involved in operations, purchasing part of or the full franchise right for strong brands represent an attractive market. For the franchise rights owner, it offers an opportunity to partly cash out. According to Norwegian Franchise Association, as of 2024, there are 192 franchises in Norway, including Maxbo, Byggmakker, Specsavers, Kitch'n and Slettvoll. Revenues for franchises in Norway exceeded NOK 147 billion in 2022.<sup>16</sup>

**Figure 6** - Illustrating total revenues for franchises in Norway

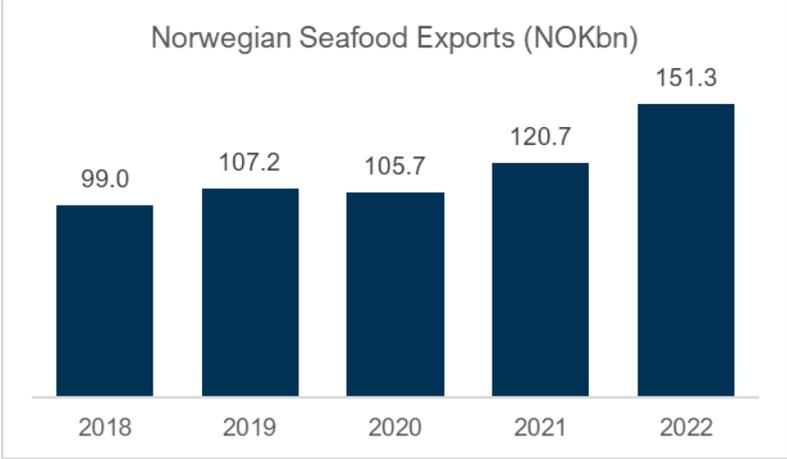


Source: Virke, Franchiserapporten (2024)

7.2.6 Seafood

The export value of Norwegian seafood reached an all-time high in 2023, with seafood worth NOK 172 billion being exported from Norway. In volume, seafood exports amounted to 2.8 million tons.<sup>17</sup> Royalties represent an alternative financing source for fish farming and traditional fishery. Investors can get exposure to seafood prices while maintaining limited financial and operational risk. Intellectual property rights for technology also represent an attractive market. The rate of patenting in the salmon farming industry has grown rapidly in the last two decades. The most important developments have been in feed, sea lice control and vaccine sectors.<sup>18</sup> Primarily, research and development are carried out by the largest salmon farmers, all based in Norway.<sup>19</sup> Technology rights related to innovative fields such as land-based farming and farming of other species than salmon, also represent an attractive market.

**Figure 7** - Illustrating the export value of seafood, includes both farming and traditional fishery, from Norway.



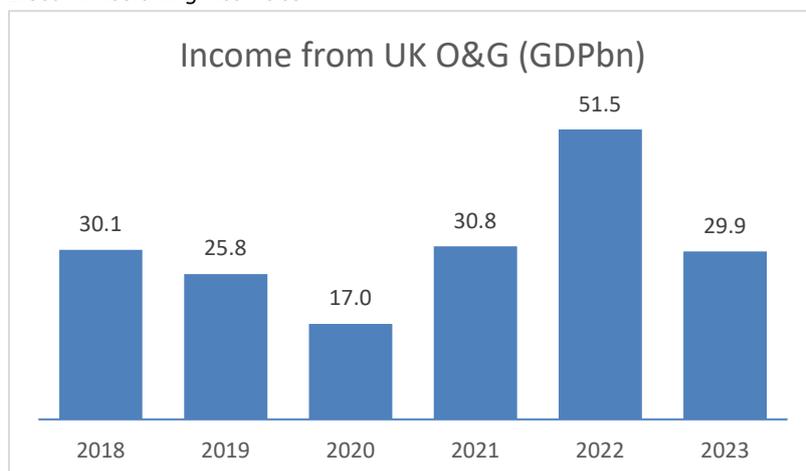
Source: Norwegian Seafood Council, Yearly exports from Norway (2024)

<sup>16</sup> Virke (2024) Franchiserapporten 2024. Available from: <https://www.virke.no/analyse/statistikk-rapporter/franchiserapporten/> (free source)  
<sup>17</sup> Norwegian Seafood Council (2024) Record exports of Norwegian seafood in 2023 due to price growth and weak krone. Available from: <https://en.seafood.no/news-and-media/news-archive/record-exports-of-norwegian-seafood-in-2023-due-to-price-growth-and-weak-krone/> (free source)  
<sup>18</sup> Mowi (2023) Annual report 2022. Available from: <https://mowi.com/investors/> (free source)  
<sup>19</sup> Salmar (2023) Annual report 2022. Available from: <https://www.salmar.no/investor/reports-presentations/> (free source)

### 7.2.7 Historical market exposure

Historically, the Company has had (and continues to have) exposure to the E&P segment on the UK Continental Shelf, through the ownership of the technology rights for two FPSOs, the Western Isles FPSO and the Shell Penguins FPSO, receiving royalty payments ("**UKCS**"). For more information about these rights, please refer to Section 8.5 "*Business Operations*". In 2023, income from UK Upstream Oil and Gas was GDP 29.9 billion, representing a vast market.<sup>20</sup>

**Figure 8** - Illustrating the income from UK Upstream Oil and Gas Exploration, Development, Operating and Decommissioning Activities.

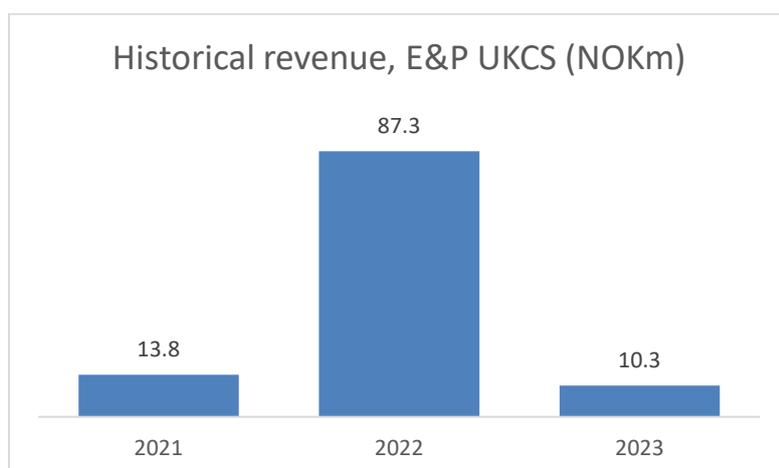


Source: The North Sea Transition Authority, UKCS Income and Expenditure

### 7.2.8 Breakdown of historical revenues by operating segment and geographic market

The company has historically operated in one operating segment in one geographic market, the E&P segment on the UK Continental Shelf, through the ownership of the technology rights for two FPSOs, the Western Isles FPSO and the Shell Penguins FPSO, receiving royalty payments. The revenue increase in 2022 from the previous year was due to a milestone payment of USD 7.5 million related to the Shell Penguins FPSO sailing away from the construction yard in China. For more information about these rights, please refer to Section 8.5 "*Business Operations*".

**Figure 9** - Illustrating the Company's revenue from the E&P segment on UKCS for period covered by historical financial information, based on the Carve-Out Financial Statements. For more information about the Carve-Out Financial Statements, please refer to Section 10.1 "*Introduction and basis for preparation*".



Source: The Company

<sup>20</sup> The North Sea Transition Authority (2024) Income from and expenditure on UK upstream oil and gas. Available from: <https://www.nstauthority.co.uk/data-and-insights/insights-and-analysis/income-and-expenditure/> (free source)

## **7.3 Regulatory environment**

### *7.3.1 Introduction*

As a result of the scope of its operations, the Group is subject to a variety of laws and regulations in different countries, including those related to the industry in general. These laws and regulations may be interpreted, implemented or amended in a manner that affects the Group's business negatively as well as positively.

The below section sets forth a summary of material laws and regulations relevant to the Group's business operations, as well as information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Group's operations. A more detailed presentation of the risk factors relating to the regulatory environment is given in Section 2.2 "*Risks related to laws, regulations and compliance*" above.

### *7.3.2 Permits and licenses needed for the Group's operations*

The Group is not dependent on any particular permits or licenses in order to carry out its current business, other than as would be applicable to any business performed in the geographical areas where the Group's business is performed.

### *7.3.3 Environmental, health and safety laws and permits*

The Group's current business does not require any particular environmental, health and safety laws or permits, other than as would be applicable to any business performed in the geographical areas where the Group's business is performed.

### *7.3.4 Other laws, regulations and standards*

The Group's current business is subject to such laws, regulations and standards as would be applicable to any business performed in the geographical areas where the Group's business is performed.

### *7.3.5 Data protection regulations*

The Group is subject to GDPR and local data privacy laws in the countries the Group operates in and has implemented stringent data protection procedures and systems to meet these laws and regulations. The Group primarily handles the personal data of its employees, as well as the personnel of the Group's suppliers and customers. This makes the Group exposed to data protection and data privacy laws and regulations it must comply with, which all imposes stringent data protection requirements and could impose penalties for noncompliance, related to storing, sharing, use, processing, disclosure and protection of personal information and other user data on its platforms.

### *7.3.6 Tax*

The Group is subject to prevailing tax laws in each jurisdiction the Group operates and will be subject to changes in tax laws, tax treaties or regulations or the interpretation or enforcement thereof in the various jurisdictions, possibly with retrospective effect. Procedures and actions are implemented in the Group to adhere to applicable tax laws wherever the Group is present and conducts its operations. The Group's overall tax charge is dependent on where profits are generated and taxed, where the respective jurisdictions have different tax systems and tax rates.

### *7.3.7 International sanctions, export/import control and anti-money-laundering laws and regulations*

The Group's operations make the Group exposed towards international sanctions laws and regulations, in particular sanctions on trade and import/export, and anti-money laundering laws through its trade across multiple jurisdictions. Furthermore, sanctions imposed on certain countries, companies or individuals by international and regional bodies including those administered by the United Nations, the European Union and the U.S. Office of Foreign Assets Control could materially adversely affect the Group's ability to trade with sanctioned countries or companies and/or individuals linked with such countries. The Group has policies, procedures and processes in place that aim to ensure that any cross-border transfer of people, products, services, technology and funds are properly screened against all relevant sanctions lists and programs, as well as procedures to prevent and detect red flags related to sanctions, export controls, money laundering and terrorist financing.

### 7.3.8 *Anti-bribery/anti-corruption laws and regulations*

Operating an international business requires the Group to comply with the laws and regulations of various jurisdictions. In particular, the Group's international operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act (the "**FCPA**") of 1977 and the United Kingdom Bribery Act of 2010. The Group is of the view that it has the necessary governance and implemented procedures in place to work in a manner that effectively deals with the corruption risks that are associated with delivery of services in the areas that the Group operates.

### 7.3.9 *National and international policies*

As of the date of this Prospectus, the Group is not aware of any national or international policies or factors that will materially affect the Group's operation. The global outbreak of the Covid-19 virus, did, however, lead to temporary changes in laws in countries that the Group has operations in, and in countries that the Group sources equipment and services from. Although the Group is not aware of any future policies or measures that will have a material impact on its operations, it cannot not be ruled out that changes in governmental, fiscal, monetary or political policies could materially affect, directly or indirectly, the Group's operations.

## **8 BUSINESS OF THE GROUP**

### **8.1 Introduction to the Company**

Hermana was founded in 2023 and the Company's principal business is to hold, manage and operate certain Royalties, and its business scope is defined as acquiring and owning shares or interests in other companies, trading in financial instruments (particularly Royalties or Streams) as well as closely related instruments/concepts.

At present, the Company holds the Western Isles License Agreement, the Magnora Receivable and NOK 25m in cash at hand from the Reorganization for working capital purposes. Further information regarding the Western Isles FPSO and Shell Penguins FPSO are included in Section 8.5 "*Business operations*" below. The Company aims to expand its Royalty business model, assessing opportunities to secure a share of an asset's future revenue stream. Such Royalties can relate to the segment's natural resources, rights tied to books, music, minerals, franchises, patents or other assets as further described in Section 7.2 "*Market segments*".

### **8.2 Sustainability, environment and social responsibility**

The Company strives to create long-term value for its stakeholders, its employees and the Norwegian state by managing the Company's resources in a responsible and sustainable manner. The Company aims to minimize harm to people and the environment in all operational activity.

The Company has established the following guiding principles:

- Respect for people, cultures, and laws through the Company's activities
- Sustainability through investment decisions and ethical business practices
- Health and safety of people first
- Organic growth through developing and challenging the Company's people
- Value creation through strict selection of employees and business partners that match the Company's culture

The Company is committed to the following ethical business practices:

- Comply with all applicable laws, rules and regulations, and have specific policies and procedures for insider trading and other key regulatory areas applicable to the Company
- Avoid conflicts of interest or disclose the conflict to ensure transparency and proper mitigating actions
- Handle confidential information with due care
- Not offer, give, or accept any gifts, favors, or other advantages that may influence decisions
- Not make facilitation payments
- Compete fairly and do not share strategic or price related information with competitors
- Not tolerate any form of discrimination or harassment
- Maintain a system of strict internal controls to ensure accurate books and records

The Company aims to contribute positively to the environment and:

- Support the United Nations Global Compact, OECD Guidelines for Multinational Enterprises, and the ILO Labor Standards, and have processes in place throughout the value chain to that effect
- Minimize environmental impact of construction and operation of the projects and enterprises the Company is involved in

The Company seeks to promote transparency and:

- Operate in accordance with the strictest regulatory requirements and ethical principles, and actively promote this throughout the value chain
- Have a strict system of internal control to ensure the financial reports provide an accurate result for the period
- Have a whistleblowing mechanism to ensure violations of Company policies can be reported anonymously to the Board of Directors
- Any violation of Company policies will be followed up with appropriate measures

### 8.3 Strategy and objectives

The Company aims to expand its Royalty business. Importantly, Royalties largely avoid the operational and financial risks while maintaining upside exposure to the price and volume sold of the underlying assets, or downside protection, depending on how the Royalty contract is structured.

Key elements for the Company to achieve its objectives are to:

- invest in additional Royalty assets, partly using cash flow from current holdings, and build a diversified portfolio, reducing risk. The company may also invest in equity and derivate instruments to limit the size of cash holdings that earn limited interest;
- manage a growing Royalty portfolio, benefiting from economies of scale;
- offer investors exposure to assets, including private assets, often inaccessible to investors today, largely avoiding operational, financial and equity risks of the underlying asset while retaining exposure to its growth;
- offer companies and owners a new funding-source selling a share of future revenue, with advantages such as competitive cost of capital and funding-access without diluting the entire portfolio (as would happen with equity issuance), as these payment streams are usually tied to specific assets within the Company's portfolio;

The success of the Company's strategy hinges on establishing a rigorous process, from identifying potential acquisition assets to the effective long-term management of a portfolio of Royalty streams. This requires building an organization capable of sourcing opportunities, securing the necessary competence, and establishing an expert network.

A key challenge will be to implement robust risk management controls, allowing for detailed asset assessment and overall structural risk evaluation within the portfolio. For a comprehensive description of the Company's business plan, please refer to Section 8.5.4 "*The current business plan*".

Additionally, it is crucial to familiarize the market with the Royalty business model. Financial institutions need to gain confidence in the robustness of diversified Royalty streams to provide competitive funding for expansion. Moreover, establishing a reputation as a reliable and trustworthy partner for asset owners is a critical success factor for obtaining assets over time.

If these strategic initiatives are successfully executed and the outlined challenges are addressed, the Company believes that it can secure an attractive first-mover position in the Nordic market. This position may be further enhanced by a solid reputation and a proven track record.

### 8.4 Competition and competitive strengths

The Company faces competition when bidding for assets with Royalties and/or closely related instruments/concepts. Competition in bidding rounds is expected to be limited as there are no pure-play Royalty-management companies or clear competitors in Norway. Furthermore, competition elsewhere in the Nordics is also expected to be limited. Private equity and venture capital actors represent possible competitors, but on a stand-alone basis, assets and revenue streams are often too minor for the former and have too limited growth potential for the latter. Thus, the Company appears to target an attractive subsection of the Nordic capital market. Moreover, over time diversification across industries, combined with less operational risk is expected to give the Company a competitive cost of capital compared to private equity (PE) and venture capital (VC), resulting in an advantageous position. This is in line with what has been seen among global Royalty-management companies.<sup>21</sup>

Global Royalty-management companies, especially originating from North America, should be considered a part of the competitive landscape. Certain markets exhibit a global scope, and the advantages of local partnerships vary. For instance, originators of music may find little benefit in local collaboration, whereas other enterprises stand to gain from a Nordic presence—leveraging insights into local business practices, tax regulations, and market dynamics.

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<sup>21</sup> Lo, Andrew (MIT) (2014) New Financing Methods in the Biopharma Industry. Available from: <https://dspace.mit.edu/handle/1721.1/109104> (free source)

The Company is well-positioned to address a multitude of markets. The resource-driven Norwegian economy—anchored in oil, gas, fishing rights, power generation, and untapped land—offers abundant opportunities for Royalty Models. Meanwhile, neighboring Nordic countries boast more mature businesses centered around trademarks, franchise concepts, and intellectual property. Each of these contexts presents potential avenues for acquiring valuable Royalties.

The Company is expected to benefit from the Management and Board of Directors' solid reputation, network and deep knowledge of E&P, renewables and commodities markets, having successfully helped build companies such as Lundin Energy and Magnora. Long-term, establishing a reputation as a solid counterparty for companies as an alternative funding source is expected to further strengthen the Company's competitive position. Additionally, the Company already has experience with Royalties from oil and gas, receiving Royalty payments for two FPSOs today, expected to give the Company an advantage as it seeks to expand the business.

## 8.5 Business operations

### 8.5.1 *Brief background on the FPSOs generating revenues under the Licence Agreements*

In June 2018, Sevan Marine ASA ("**Sevan Marine**") sold the cylindrical hull design business to Sembcorp Marine Ltd. ("**Sembcorp Marine**"), including intellectual property, contracts, and the transfer of employees. The move signified the beginning of a significant transformation of Sevan Marine. As part of the divestment agreement with Sembcorp Marine, Sevan Marine changed its name to Magnora and retained the right to use the technology under two existing agreements for two FPSOs: the Western Isles FPSO and the Shell Penguins FPSO. Generally, an FPSO is a floating production system that receives fluids (crude oil, water and other things) from a subsea reservoir through risers, separating the fluids into crude oil, natural gas, water and impurities within the topsides production facilities onboard. The FPSO store the product, before offloaded onto shuttle tankers to go to market or for further refining onshore.<sup>22</sup>

The two FPSOs in question are cylindrical with a hull diameter of 70m, designed as geo-stationary FPSOs (do not weathervane) and therefore have no internal turret and swivel arrangement, increasing design life. The FPSOs have a storage capacity of 400,000 bbls, oil production capacity of 44,000 bopd and offloading rate of 3500 m3/h. The Western Isles FPSO was constructed by COSCO Shipyard Group in Qidong, China, and has been operational since 2017.<sup>23</sup> The Shell Penguins FPSO was constructed by China Offshore Oil Engineering Company (COOEC) and exited the yard in late 2022, but production has not started yet.<sup>24</sup> The FPSO arrived at Aibel's yard in Haugesund, February 2023, where it will be completed and made ready for commissioning in 2024.<sup>25</sup>

After the Reorganization, the License Business is now separated into a new entity owned by Hermana, who has received and continues to receive payments for licensing out the technology rights to Dana Petroleum (to be transferred to NEO Energy) for the Western Isles FPSO. Magnora will continue to receive payments from Shell for the Shell Penguins FPSO, which in turn will be paid to the Company through the Magnora Receivable.

### 8.5.2 *The Western Isles FPSO*

The Company is, subject to the terms and conditions of the Western Isles License Agreement, entitled to USD 0.5 per barrel over the lifetime of the Western Isles FPSO – first with Dana Petroleum and then NEO Energy as redeployed at the Buchan redevelopment project. NEO Energy is on behalf of themselves and partners Jersey Oil & Gas and Serica Energy in the process of redeveloping the Buchan Horst Field, formerly known as the Buchan Field. The field is located in UK Blocks 20/5 and 21/1 in the Central North Sea, ~115 km northeast of the Aberdeenshire coastline and ~103.5 km west of the UK/Norway median line. Repsol Resources UK Limited previously produced from the field with production ceasing prematurely in May 2017. The field is one of the largest remaining undeveloped fields on the UK continental shelf.<sup>26</sup> The proposed project involves installation of new subsea production gathering infrastructure tied back to a redeployed FPSO vessel; the Western Isles FPSO. Oil will be offloaded from the Western Isles FPSO via a shuttle tanker and excess gas will be exported via a new gas export pipeline.<sup>27</sup>

NEO Energy has on behalf of the Buchan field partners acquired the Western Isles FPSO from current operator Dana Petroleum (~77%) and NEO Energy (~23%). The main terms of the acquisition commit the Buchan field

<sup>22</sup> MODEC (2024) FPSO/FSO. Available from: <https://www.modec.com/business/service/floater/fpsos/> (free source)

<sup>23</sup> Sevan (2024) Western Isles. Available from: <https://sevanssp.com/western-isles/> (free source)

<sup>24</sup> Sevan (2024) Penguins. Available from: <https://sevanssp.com/penguins-fpsos/#> (free source)

<sup>25</sup> Aibel (2023) Comprehensive FPSO contract to Aibel. Available from: <https://aibel.com/news/comprehensive-fpsos-contract-to-aibel/> (free source)

<sup>26</sup> Jersey Oil and Gas (2024). Available from: <https://www.jerseyoilandgas.com/operations/buchan-redevelopment/>

<sup>27</sup> NEO Energy (2023) Buchan Redevelopment Project Environmental Statement. Available from: <https://www.neweuropeanoffshore.com/buchan-redevelopment-project-environmental-statement/> (free source)

partners to acquire the vessel upon the approval of the Buchan Field Development Plan. Prior to this milestone being achieved, the Buchan partners are responsible for the costs of storing the vessel from the date of handover, which is anticipated to be in the second half of 2024. Commercial operation date ("**COD**") is expected in December 2026 at the earliest. For the Buchan Horst Field the high-case and mid-case recoverable volumes are estimated at 124 mmboe and 79 mmboe respectively.<sup>28</sup>

Hermana's right to payments is tied to the Western Isles FPSO, irrespective of operating location and field. Production for Dana Petroleum started in Q4 2017, generating income since then. The Western Isles FPSO is currently operating in the UK North Sea and is scheduled to come off station as part of the planned cessation of production of the Western Isles fields around second half of 2024. The Western Isles FPSO has a production capacity of 44,000 barrels per day. The associated license income for 2023 was NOK 10.3 million (NOK 13.5 million in 2022). Prior to the expected start-up for the Buchan project in 2026, the Western Isles FPSO will have a period at yard for adjustment. This process is expected to take 12-18 months and no revenues will be earned from the Western Isles FPSO during this period. However, such projects are complex and start-up may be delayed due to circumstances outside of Hermana's control. The Western Isles License Agreement is expected to generate revenue for the Company for two more decades. It should be noted, however, that production from FPSO's generally involves risks, including risks of shutdown of production, unexpected problems with the hydrocarbon field and less reserves than initially assumed, all which could reduce the license income for Hermana. For more information about risks related to the Company's business and its revenue generation, please refer to Section 2.1 "*Risks related to the business of the Group and the industry in which it operates*".

### 8.5.3 *The Shell Penguins FPSO*

For the Shell Penguins FPSO, payments to Magnora are tied to three milestones: 1) the completion and sail away of the Shell Penguins FPSO from the construction yard, 2) the installation of the Shell Penguins FPSO at the field and achievement of first production, and 3) the successful production, offloading and export of 4 million barrels. The first milestone was achieved, and the payment was made to Magnora. The final two milestones triggering ~USD 8.6m, which in turn will be paid to the Company through the Magnora Receivable are expected in the near to medium-term.

The Penguins field, located northeast of the Shetland Islands in the UK North Sea, was discovered in 1974 and first developed in 2002. At that time oil and gas were pumped from four drill centres that were tied back to the Brent Charlie platform in the nearby Brent field. In 2017, after over forty years of successful operation, Shell started the process of decommissioning the Brent Field, including the Brent Charlie platform and in 2018 Shell took the final investment decision to redevelop the Penguins oil and gas field in the UK North Sea using a FPSO vessel that would take the place of the Brent Charlie platform.<sup>29</sup> The project concerns the blocks 211/13a, 211/13Fa, 211/14 and 211/08 owned 50% by Shell and 50% by NEO Energy after they acquired a major portfolio non-operated assets in the central North Sea from ExxonMobil in 2021, with COD expected in 2024.<sup>30 31</sup>

### 8.5.4 *Current business plan*

The Company aims to expand its Royalty-driven business model by assessing opportunities, primarily in the Nordics with a main emphasis on the Norwegian market, to secure a share of an asset's future revenue stream. Such Royalties can be earned from natural resources, or from rights tied to books, music, minerals, franchises, patents or other assets. The Company has not limited its investment focus to one area and will assess royalty opportunities within all the abovementioned areas, as well as other areas. The Company may need to increase its capacity of support services such as accounting, reporting, marketing and financials when and if the Royalty business is increased. Such services will support the major business development activities, centered around 1) idea generation, 2) security selection, 3) building a diversified portfolio, and 4) risk management, as further described below.

**Idea generation** is the process of identifying markets and segments within the overall framework of the Royalty business model. In some respects, this is similar to strategy work. For example, if the Company were to consider Royalty investments in salmon farming, this would involve evaluating the factors determining a potential investment's success, such as market characteristics, opportunity window, funding sources, risks, etc.

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<sup>28</sup> NEO Energy (2023) Buchan Redevelopment Project Environmental Statement. Available from: <https://www.neweuropeanoffshore.com/buchan-redevelopment-project-environmental-statement/> (free source)

<sup>29</sup> Shell (2024) Penguins. Available from: <https://www.shell.com/what-we-do/major-projects/penguins.html> (free source)

<sup>30</sup> NEO Energy (2024) Operations. Available from: <https://www.neweuropeanoffshore.com/operations/> (free source)

<sup>31</sup> NEO Energy (2021) NEO Energy to double production through acquisition of asset portfolio from ExxonMobil. Available from: <https://www.neweuropeanoffshore.com/neo-energy-to-double-production-through-acquisition-of-asset-portfolio-from-exxonmobil/> (free source)

**Security selection** involves rigorous analysis of the relevant assets' underlying characteristics and the counterparty's credit characteristics, in order to identify investment opportunities in a specific segment, such as mining in Sweden or consumer brands in Denmark. This process is similar to an investment process. The Company envisions a five-step approach for new investments: 1) origination, 2) pre-non-disclosure agreement ("**NDA**") stage, 3) Post NDA & pre-submission of initial terms, 4) agreement on terms, due diligence & documentation, and 5) signing. Importantly, the Company will source opportunities through its extensive network of relationships with companies, banks, advisors and other intermediaries. The Company will use in-house and external experts for technical, commercial and legal reviews of potential opportunities, with emphasis on risk mitigation through the structuring of the contract. A typical deal will provide the Company with an agreed percentage of an asset's production settled on a financial basis. The Company makes an upfront cash payment for this right.

**Building a diversified portfolio** will reduce company specific risk and is thus likely to lower the Company's cost of capital, resulting in an advantage when bidding for Royalties. Royalty Pharma, the world's leading acquirer of pharmaceutical Ips list, has achieved a low cost of capital at ~7-8% through diversification.<sup>32</sup> The Company could be able to reap similar benefits through investments across industries. Finally, risk management is the identification and assessment of relevant risks and mitigatory action, e.g. a farm down, a currency hedge or an insurance policy.

**Risk management** involves a diverse set of activities that are built on the terms agreed when the security was selected for investment. Key activities involve monitoring of the assets' performance, relationship management, renegotiations to allow the use of assets for new and profitable applications, periodic assessment of external risks and mitigating measures. For example, managing the Western Isles License Agreement involved all of the above. While the structure of the Western Isles License Agreement allowed for simple monitoring and relationship management, substantial work has been put into risk assessments and renegotiation.

Apart from the above business operations, the Company currently maintains all required support operations including reporting, accounting, cash management, investor relations, communications, legal support, data and information management.

## 8.6 History and important events

The table below provides an overview of key events in the history of the Group:

Table 6 - Overview of key events in the history of the Company	
Year	Event
2018	Magnora, then Seven Marine, sold its patents and related technology rights linked to its floating production, storage, and offloading units (" <b>FPSOs</b> ") but retained the right to use the technology under two existing agreements for two FPSOs, i.e., 1) Western Isles FPSO and 2) Shell Penguins FPSO, receiving payments for licensing out the technology rights. The Western Isles FPSO was already in operation back then, while the Shell Penguins FPSO is soon to enter operations. Sevan Marine changed its name to Magnora in 2018.
2019	Magnora announced its intention to focus on the renewable energy production and technology sector, funding its investments using the cash flow from licensing out the abovementioned technology rights. Throughout 2019, Magnora laid the groundwork and explored over 100 investment opportunities.
2020-2022	License revenue allowed Magnora to grow its asset-light development portfolio of renewable energy projects within solar, onshore wind, offshore wind and battery energy storage. Received its first dividend from project sales and received first milestone payment from the Shell Penguins FPSO, related to the technology rights.
2023	The renewable portfolio became profitable in its own right, allowing a rethink of the need to keep the oil & gas license business and the renewables business in the same group of companies. This rethink was spurred by the opportunity to redeploy the Western Isles FPSO from a field with declining production to the prolific Greater Buchan Areas. In 2023, the Western Isles FPSO, owned by Dana Petroleum, was sold to NEO Energy and its partners to redevelop the Buchan field in the North Sea.
2024	Significant growth in profits for the renewable business, meant there was no longer a rationale for including the legacy FPSO business within Magnora, which thus decided to separate its legacy business from its renewables business.
2024, April	Demerger of Magnora where the legacy business was transferred to Project Tripartite 1 AS (a wholly owned subsidiary of Magnora).
2024, April	Project Tripartite 1 AS was merged with Western Isles Holding AS (a wholly owned subsidiary of Magnora), with Magnora issuing consideration to the shareholders by increasing the nominal value of their shares in Magnora as part of the Internal Reorganization. Following the Internal Reorganization, the license business was owned by Western Isles Holding AS.
2024, June	70% of the shares in Western Isles Holding AS was transferred from Magnora to the Company in the Spin-Off Demerger. As a result of the Spin-Off Demerger, the share capital in Magnora was reduced, and the shareholders in Magnora received the same number of shares as they held in Magnora in the Company upon completion of the Spin-Off Demerger. Magnora's remaining 30% shareholding in Western Isles Holding AS was contributed as a contribution in-kind in the Company. Following the contribution in-kind, Magnora owns 30% of the shares in the Company, and the Company owns 100% of the shares in Western Isles Holding AS (which in turn owns the license business).
2024	Application for listing submitted to Oslo Børs.

<sup>32</sup> Royalty Pharma (2014) Corporate Presentation. Available from: <https://www.royaltypharma.com/investors/why-invest-in-royalty-pharma/> (free source)

## **8.7 Property, plant and equipment**

The Company's business model is asset-light, and thus future capital expenditure should be limited. The Company currently holds no tangible assets, and will use Magnora's offices, limiting future capital expenditure for office space.

## **8.8 Material contracts**

The Group has not entered into any material contracts, outside those entered into in the ordinary course of its business, or any other contracts entered into outside the ordinary course of business which contains any provision under which any Group company has any obligation or entitlement which is material to the Group.

## **8.9 Legal and regulatory proceedings**

The Group is not, nor has it been, during the course of the preceding twelve months, involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Group's financial position or profitability. The Company is not aware of any such proceedings which are pending or threatened.

## **8.10 Dependency on contracts**

Except for the Western Isles License Agreement (as further described in Section 8.5.2 "*The Western Isles FPSO*") relating to payment of Royalties to the Company, which is deemed integral to the Company's business case, no single industrial, commercial or financial contract, patent or license or new manufacturing process are deemed material to the Group's business or profitability.

## **8.11 Research and development**

The Company will benefit from research and development both in idea generation, security selection, portfolio management, and risk management.

With regard to idea generation, the Company has for some time engaged in a systematic revisiting of opportunities related to licensing – some of which date back to 2019 prior to Magnora focusing on the renewables business. The aim of this research has been to initiate work on a long list of investment opportunities and criteria that need be met for an asset owner to engage with Hermana. Most of these discussions relate to existing license businesses (e.g. a franchise) or non-operated assets.

The Company is planning for, but has not yet initiated work on, how to offer a "securitization" of privately held assets where e.g. the owner of a fish farm or a database can trade a share in the long-term revenue for an up-front payment, as further exemplified in Section 7 "*Industry and market overview*" above. Such structures require research and development in diverse fields including tax, licensing law, and business modelling.

The Company's asset selection process (i.e., investments) will require diverse tools, but not materially different from the tools and work processes involved in regular investment activities. Each specific case also requires a substantial amount of research.

While risk-profiling of a license business is arguably lower than for other kinds of investment, a keen emphasis of risk is still essential. The risk management work stream may require the development of specific tools.

In short, the Company has limited research and development activities but may invest a limited amount in its start-phase to build proprietary tools to successfully source and evaluate royalty investment opportunities.

## 9 CAPITALISATION AND INDEBTEDNESS

### 9.1 Introduction

The Company has in connection with the Listing prepared tables for Capitalisation (see Section 9.2 "Capitalisation" below) and Net financial indebtedness (see Section 9.3 "Net Financial Indebtedness" below) on the basis of an unaudited, consolidated management report for the period ended 31 March 2024, including an unaudited balance sheet for the Group. The unaudited management report has been prepared in accordance with the same accounting policies as the Carve-Out Financial Statements, please refer to the Carve-Out Financial Statements for a description of the accounting policies.

The unaudited balance sheet for the Group as of 31 March 2024 has been adjusted to reflect the Reorganization that was completed after 31 March 2024, see the Capitalization and Indebtedness tables below in Section 9.2 "Capitalisation" and Section 9.3 "Net financial indebtedness", respectively.

The Reorganization resulted in the following material changes:

- Cash contribution of NOK 25 million from Magnora to Western Isles Holding AS
- Contribution of the Magnora Receivable of NOK 90 million from Magnora to Western Isles Holding AS
- An increase in share capital of NOK 2,861,540.78340147, from NOK 6,676,928.63 to NOK 9,538,469.41340147, through the issuance of 28,179,353 new shares, each with a par value of NOK 0.101547426706407.

The Reorganization steps, as described above, were completed after 31 March 2024, and are therefore not included in the unaudited, consolidated management report as referred to above. Consequently, the Group was not established at the reporting date 31 March 2024.

### 9.2 Capitalisation

The following table sets forth information about the Group's unaudited capitalisation as at 31 March 2024 and adjusted to reflect the above mentioned material changes:

<b>Table 7 - Capitalisation</b>			
	<b>As of</b>		
	<b>31 March 2024 <sup>(a)</sup></b>	<b>Adjustments<sup>(b)</sup></b>	<b>As adjusted</b>
<i>(In NOK thousand)</i>			
<i>Total current debt:</i>			
Guaranteed.....	-	-	-
Secured.....	-	-	-
Unguaranteed / unsecured .....	2,818	-	2,818
<b>Total current debt:</b> .....	<b>2,818</b>	<b>-</b>	<b>2,818</b>
<i>Total non-current debt:</i>			
Guaranteed .....	-	-	-
Secured .....	-	-	-
Unguaranteed / unsecured .....	-	-	-
<b>Total non-current debt:</b> .....	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total indebtedness:</b> .....	<b>2,818</b>	<b>-</b>	<b>2,818</b>
<b>Shareholders' equity</b>			
Share capital <sup>(1)</sup> .....	1,000	9,538	10,538
Legal reserve(s).....	-	-	-
Other reserves <sup>(2)</sup> .....	417	115,000	115,417
<b>Total shareholders' equity:</b> .....	<b>1,417</b>	<b>124,538</b>	<b>125,955</b>
<b>Total capitalisation:</b> .....	<b>4,235</b>	<b>124,538</b>	<b>128,773</b>

**(a)** The data set forth in this column are derived from the unaudited balance sheet for the Company for the period ended 31 March, 2024. The unguaranteed/unsecured amount of NOK 2,818 thousand is made up of NOK 2,381 thousand in trade payables and NOK 437 thousand in tax payable.

**(b) Adjustments:**

<sup>1)</sup> Share capital of NOK 9.5 million consists of adjustments to the share capital as part of the Reorganization. For further information, refer to Section 13.3 "Share capital and share capital history".

<sup>2)</sup> Other reserves of NOK 115 million consist of cash of NOK 25 million and the Magnora Receivable of NOK 90 million.

### 9.3 Net financial indebtedness

The following table set forth information about the Group's unaudited net financial indebtedness as at 31 March 2024 and adjusted to reflect the above mentioned material changes:

<b>Table 8 – Net financial indebtedness</b>			
	<b>As of</b>		
	<b>31 March 2024 <sup>(a)</sup></b>	<b>Adjustments<sup>(b)</sup></b>	<b>As adjusted</b>
<i>(In NOK thousands)</i>			
(A) Cash <sup>(1)</sup>	2,625	25,000	27,625
(B) Cash equivalents	-	-	-
(C) Other current financial assets <sup>(2)</sup>	1,610	90,000	91,610
<b>(D) Liquidity (A)+(B)+(C)</b>	<b>4,235</b>	<b>115,000</b>	<b>119,235</b>
(E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	2,381	-	2,381
(F) Current portion of non-current financial debt	-	-	-
<b>(G) Current financial indebtedness (E + F)</b>	<b>2,381</b>	<b>-</b>	<b>2,381</b>
<b>(H) Net current financial indebtedness (G – D)</b>	<b>(1,854)</b>	<b>(115,000)</b>	<b>(116,854)</b>
(I) Non-current financial debt (excluding current portion and debt instruments)	-	-	-
(J) Debt instruments	-	-	-
(K) Non-current trade and other payables	-	-	-
<b>(L) Non-current financial indebtedness (I+J+K)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(M) Total financial indebtedness (H+L)</b>	<b>(1,854)</b>	<b>(115,000)</b>	<b>(116,854)</b>

**(a)** The data set forth in this column are derived from the unaudited balance sheet for the Company for the period ended 31 March, 2024. Other current financial assets of NOK 1.6 million are made up of trade and other receivables. Other financial debt of 2.4 million consists of trade payables.

**(b)** Adjustments:

<sup>1)</sup> Cash of NOK 25 million consists of cash from the Reorganization.

<sup>2)</sup> The NOK 90 million adjustment is due to the contribution of the Magnora Receivable of NOK 90 million from Magnora.

### 9.4 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

### 9.5 Contingent and indirect indebtedness

The Group does not have any material contingent or indirect indebtedness as of the date of the Prospectus beyond that described in the tables above.

## 10 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

### 10.1 Introduction and basis for preparation

The Company has in connection with the Listing prepared Carve-Out Financial Statements based on the historical audited financial statements of Magnora (i.e. to continuity of the carrying values of the transferred assets and liabilities). The carve-out financial statements were prepared by carving out the historical results of operations and carrying amounts of assets and liabilities of the License Business.

The Carve-Out Financial Statements have been prepared to present the historical results and carrying amounts of assets and liabilities of the Hermana's business as of 31 December 2023, 2022, and 2021, as previously presented in Magnora's consolidated financial statements for the same periods.

The Reorganisation steps, as described above, were completed after the reporting date 31 December 2023, and are therefore not included in these Carve-Out Financial Statements. Consequently, the Group was not established at the reporting date, being 31 December 2023.

The Carve-Out Financial Statements (for the years 2023, 2022 and 2021) have been prepared in accordance with IFRS as approved by EU and audited by Deloitte AS. The Carve-Out Financial Statements have been prepared on the assumption that the Group is a going concern and include the following emphasis of matter:

*"We draw attention to Note 2 to the carve-out financial statements, which describes their basis of preparation, including the approach to and the purpose for preparing them. The carve-out financial statements were prepared to meet the requirements in connection with Hermana Holding ASA' listing of shares on Oslo Stock Exchange, including the prospectus prepared in connection therewith. As the Hermana Holding ASA business has not operated as a separate entity, these carve-out financial statements are therefore not necessarily indicative of results that would have occurred if the business had been a separate standalone entity during the years presented or of future results of the business. Our opinion is not modified in respect of this matter."*

IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1) has been applied. The date of transition was 1 January 2021. The adoption of IFRS 1 had no significant impact on the financial position, financial performance, and cash flows of Hermana, as it previously was part of the Magnora Group which already applied IFRS.

In addition, Stand-Alone Financial Statements for the period starting on 23 August and ending on 31 December 2023 have been prepared by the Company in accordance with IFRS, as adopted by EU. The Stand-Alone Financial Statements have been audited by Deloitte AS and include the following emphasis of matter:

*"We draw attention to Note 2 to the financial statements, which describes their basis of preparation. The financial statements were prepared to meet the requirements in connection with Hermana Holding ASA' listing of shares on Oslo Stock Exchange, including the prospectus prepared in connection therewith. Our opinion is not modified in respect of this matter."*

The Stand-Alone Financial Statements have been incorporated by reference into this Prospectus, and further details are set out in Section 17.4 "Incorporation by reference".

### 10.2 Summary of accounting policies and principles

For information regarding accounting policies and principles, see Note 2 of the Carve-Out Financial Statements for the year ended 31 December 2023, attached hereto as Appendix B.

Through various steps (see Section 4.1 "*The Internal Reorganization and the Reorganization*"), Magnora transferred its License Business to a subsidiary, Western Isles Holding AS (previously named Project Tripartite 2 AS), which in turn was transferred to Hermana through the Spin-Off Demerger and contribution in kind transaction. Prior to the completion of the Reorganization, the License Business was a part of Magnora and not organized as part of a separate legal entity.

The Group believes that preparation of the Carve-Out Financial Statements is useful for investors assessing the historical results of Hermana's business, being management of the License Business and investments in securities and derivatives. Note that the investment activities going forward are intended to be focused on Royalties and

similar revenue streams. The Carve-Out Financial Statements will also be useful when the Company issues the annual report for 2024 as a listed company.

While the preparation of Carve-Out Financial Statements may produce similar results as if the Hermana business had been carved out for all periods presented, IFRS does not explicitly provide for the preparation of Carve-Out Financial Statements. Thus, the historical results of operations, financial position, and cash flows of the Group may not be indicative of what they would have been had the carve-out group been a separate independent stand-alone group. The historical results as described above may also not be indicative of what the Group's results of operations, financial position and cash flows may be in the future.

For Hermana, as the acquirer, the restructuring is not a business combination and, consequently, it is not a reverse acquisition as defined in IFRS 3. The Spin-Off Demerger is therefore accounted for as a 'capital restructuring', with analogy of the guidance in IFRS 3 on reverse acquisition. The transferred interests, assets, and liabilities have therefore been accounted for at their historical carrying amounts recognized in Magnora, as if the reorganization occurred at the beginning of the earliest period presented.

The Group consists of ownership interests, assets and liabilities that have historically been under common control of Magnora for all periods presented. The Group's Carve-Out Financial Statements have been prepared based on historical revenue and cost.

### 10.3 Condensed statement of profit and loss

The tables below set out selected data extracted from the Carve-Out Financial Statements for 2021-2023.

Table 9 – Carve-out statement of profit or loss	Year ended 31 December		
	2023 IFRS Audited	2022 IFRS Audited	2021 IFRS Audited
<i>(Amounts in NOK thousands)</i>			
<b>Operating income and operating expenses:</b>			
Revenue from contracts with customers	10,300	87,300	13,800
<b>Total revenue</b>	<b>10,300</b>	<b>87,300</b>	13,800
Costs of goods sold	0.0	0.0	0.0
Personnel expenses	5,100	3,200	3,200
Depreciation and amortization expense	0.0	0.0	0.0
Other operating expenses	2,100	1,800	1,200
<b>Operating profit/(loss)</b>	<b>3,100</b>	<b>82,200</b>	<b>9,400</b>
Financial income	0.0	800	22,100
Financial expenses	0.0	0.0	16,500
Foreign exchange gain/(loss)	3,100	-900	100
<b>Net financial income and expenses</b>	<b>3,100</b>	<b>-100</b>	<b>5,700</b>
<b>Profit/(loss) before income tax</b>	<b>6,200</b>	<b>82,100</b>	<b>15,100</b>
Income tax expense	1,400	18,100	2,100
<b>Profit/(loss) for the year</b>	<b>4,900</b>	<b>64,000</b>	<b>13,000</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations	0.0	0.0	0.0
<b>Net Other comprehensive income</b>	<b>4,900</b>	<b>64,100</b>	<b>13,000</b>
<b>Total comprehensive profit/(loss) for the year attribute to:</b>			
Equity holders of the parent company	4,900	64,100	13,000
<b>Pro forma earnings per share (in NOK):</b>			
Basic and diluted earnings per ordinary share	0.05	0.68	0.14

## 10.4 Statement of financial position

The table below sets out selected data extracted from the Carve-Out Financial Statements for 2021-2023. The development in the balance sheet is commented further in Section 11 "Operating and financial review".

Table 10 – Carve-out statements of financial positions – Assets	Year ended 31 December		
	2023 IFRS Audited	2022 IFRS Audited	2021 IFRS Audited
(Amounts in NOK thousands)			
<b>Assets:</b>			
<b>Non-current assets</b>			
Deferred tax assets	0.0	0.0	0.0
<b>Total non-current assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Current assets</b>			
Trade and other receivables	0.0	73,900	1,200
Other current financial assets	0.0	0.0	500
Cash and bank deposits	0.0	0.0	0.0
<b>Total current assets</b>	<b>0.0</b>	<b>73,900</b>	<b>1,700</b>
<b>Total assets</b>	<b>0.0</b>	<b>73,900</b>	<b>1,700</b>
<b>Table 11 – Carve-out statements of financial positions – Equity</b>	<b>Year ended 31 December</b>		
(Amounts in NOK thousands)	<b>2023</b> IFRS Audited	<b>2022</b> IFRS Audited	<b>2021</b> IFRS Audited
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Contributed equity and retained earnings	0.0	73,900	1,700
<b>Total equity</b>	<b>0.0</b>	<b>73,900</b>	<b>1,700</b>
<b>Non-current liabilities</b>			
<b>Interest-bearing debt</b>			
Deferred income tax liabilities	0.0	0.0	0.0
Other non-current liabilities	0.0	0.0	0.0
<b>Total non-current liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Current liabilities</b>			
Debt to related parties	0.0	0.0	0.0
Other current liabilities	0.0	0.0	0.0
<b>Total current liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total equity and liabilities</b>	<b>0.0</b>	<b>73,900</b>	<b>1,700</b>

## 10.5 Statement of cash flow

The table below sets out selected data extracted from the Carve-Out Financial Statements for 2021-2023.

Table 12 – Carve-out Cash flow statement	As at 31 December		
	2023 IFRS Audited	2022 IFRS Audited	2021 IFRS Audited
<i>(Amounts in NOK thousands)</i>			
<b>Cash flows from operating activities</b>			
Profit / (Loss) before tax	6,300	82,100	15,100
Change in working capital:			
Change in other current financial assets	0.0	500	13,300
Trade and other receivables	73,900	-72,700	1,300
Trade and other payable	0.0	0.0	0.0
Change in debt to related parties	0.0	0.0	0.0
<b>Net cash flows from operating activities</b>	<b>80,200</b>	<b>9,800</b>	<b>29,700</b>
<b>Net cash flows from investing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash flows from financing activities</b>			
Net contribution from parent	-80,200	-9,800	-29,700
<b>Net cash flows from financing activities</b>	<b>-80,200</b>	<b>-9,800</b>	<b>-29,700</b>
Cash balance start of period	0.0	0.0	0.0
Net change in cash	0.0	0.0	0.0
<b>Cash balance end of period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## 10.6 Statement of changes in equity

The table below sets out selected data extracted from the Carve-Out Financial Statements for 2021-2023.

Table 13 – Statement of changes in equity	Share capital	Share premium	Other paid-in capital	Translation reserves	Uncovered loss	Contributed equity and retained earnings	Total equity
<i>(Amounts in NOK thousands)</i>							
<b>Equity as at 1 January 2021</b>	0.0	0.0	0.0	0.0	0.0	16,300	16,300
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	13,000	13,000
Changes in parent's investment*	0.0	0.0	0.0	0.0	0.0	-27,600	-27,600
<b>Equity as at 31 December 2021</b>	0.0	0.0	0.0	0.0	0.0	1,700	1,700
<b>Equity as at 1 January 2022</b>	0.0	0.0	0.0	0.0	0.0	1,700	1,700
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	64,000	64,000
Changes in parent's investment*	0.0	0.0	0.0	0.0	0.0	8,200	8,200
<b>Equity as at 31 December 2022</b>	0.0	0.0	0.0	0.0	0.0	73,900	73,900
<b>Equity as at 1 January 2023</b>	0.0	0.0	0.0	0.0	0.0	73,900	73,900
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	4,900	4,900
Changes in parent's investment*	0.0	0.0	0.0	0.0	0.0	-78,800	-78,800
<b>Equity as at 31 December 2023</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0

\*Carve-out adjustments recognized during the period reflect contributions from Magnora to the Group which are not settled and do not generate intercompany positions between the companies. These positions are recognized in equity as contributions to and from the parent and are presented as changes in Magnora's investment. See note 2 Basis of preparation for further information about carve-out adjustments and note 12 in the Carve-Out Financial Statements for specification of components of the net transfers.

## **11 OPERATING AND FINANCIAL REVIEW**

### **11.1 Key factors affecting the Group's results of operations and financial performance**

The Group's results of operations have been, and will continue to be, affected by several factors, most of which are beyond the Group's control. The key factors that the Management believes have had a material effect on the Group's results of operations during the period under review, as well as those considered likely to have a material effect on its results of operations in the future, are described below.

#### *11.1.1 Dependency on one license agreement*

The Company's business model of licensing out its intellectual property rights has been - and will at least for the foreseeable future be - dependent on one licensing agreement that provide revenues, i.e., the Western Isles License Agreement. These revenues are, however, planned to halt for approximately 24 months due to the Western Isles FPSO being moved from the Western Isles field to the Greater Buchan Area. Consequently, the Company will have lower revenues in the foreseeable future, and reduced capacity to make new investments and dividend payments. The Group is as such also dependent on the continued operations of the Western Isles FPSO, and should these operations be terminated or reduced, this would impact the financial performance of the Group directly.

#### *11.1.2 The Royalty Model*

In order to diversify away from the dependency of one license agreement (see Section 8.10 "*Dependency on contracts*" and Section 11.1.1 "*Dependency on one license agreement*" above), the Company has a long-term objective to expand its Royalty revenues from acquiring selected royalties, on par with similar businesses abroad. As of the date of this Prospectus, the Group only has Royalties from the Western Isles License Agreement.

#### *11.1.3 Changes in the interest rate*

Changes in the interest rate level means that the value of future cash flows will fluctuate due to changes in market interest rates.

The Group has over the past three years had limited debt on the balance sheet dates and has thus limited exposure to interest rate risk, and hence there is also limited interest rate risk for the carve-out part as well.

#### *11.1.4 Volatility of exchange rates*

Fluctuations in the exchange rate may impact the Group's income statement, statement of financial position or cash flows.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD as all operating revenues are in USD. Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities, and net investments in foreign operations when such transactions, assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's revenue. Any annualised increase or decrease in the USD/NOK foreign exchange by 10 percent would have increased or decreased the Group's 2023 profit before tax by NOK 1.25 million (2022: NOK 8.77 million, 2021: NOK 1.38 million).

#### *11.1.5 Credit risk by having just one customer*

Currently the Group has only one customer, which however is one of the larger oil and gas producers on the UK continental shelf. Thus, the Group has been and will be exposed to the credit risk of this one customer. Once the Group starts investing in Royalty agreements, there will also be credit risk associated with those agreements. The Group will have one main banking relationship with a financial institution that is currently rated Aa3.

#### *11.1.6 Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions.

The Group has implemented routines to continuously update its cash flow forecast with changes to main assumptions relating to payment schedules, license milestone payments etc. and to be able to foresee the necessary actions required to rectify any potential adverse effects on its future liquidity position.

The Group is subject to currency, field development and reservoir risk in situations where the license fee is tied to the field development and production such as the license fee under the Western Isles License Agreement paid in USD. The Group also relies heavily on one customer, Dana Petroleum/NEO, for most of its operating revenues over the next years.

The Group derives all its cash flow from the License Agreements, and the license income limits the Group's access to capital.

At the balance sheet date, the Group has no borrowings, and Trade receivable a mature within a normal 30-day cycle, except for some receivables and liabilities towards the group companies.

There were otherwise no significant overdue receivables as of 31 December 2023.

#### 11.1.7 *Capital management*

For the Group's capital management, capital means total equity and cash balance, as the Company has no interest-bearing debt. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital through budgeting and cost monitoring.

The Group has exercised conservative capital and cash management during 2021, 2022 and 2023. A sound financial position, with limited interest-bearing debt and an asset light balance sheet reduces the capital and cash management risks.

#### 11.1.8 *Climate changes*

The Group has limited physical assets, other than IT and office equipment. Financial loss due to climate change is considered low.

### **11.2 Recent developments and trends**

The Company is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

### **11.3 Segment information for the Group for the years ended 2023, 2022 and 2021**

The Group has license revenues from the License Agreements, which constitute the Company's sole segment. The License Agreements are followed up by the chief operating decision manager as one operating segment as they have similar economic characteristics. In Magnora, income from the License Agreements were part of the corporate segment. All revenues for the reporting period are from the License Agreements with customers in the UK and all revenues are in USD.

### **11.4 Description of key line items**

#### **Revenues**

Operating revenue consisted of Royalty income from the Dana Western Isles FPSO and the Shell Penguins FPSO. Royalty from the Dana Western Isles FPSO constitutes 100% of total operating revenue in 2023, 15% in 2022 and 100% in 2021. The remaining revenue in 2022 was related to a milestone payment from the Shell Penguins FPSO.

#### **Salary and personnel expenses**

Salary and other personnel expenses consists of remuneration to the CFO and CEO of Magnora, and 30 percent of the total expense in Magnora is allocated to the Group.

#### **Other operating expenses**

Other operating expenses consist of office rent, accounting, audit, and legal services, insurance costs, and listing related expenses.

#### **Financial income and expenses**

Finance income consists mainly of currency gain and gain from trading marketable securities and derivatives.

## Income tax expenses

Income tax expenses consist of current tax and effect of change in deferred tax positions.

### 11.5 Results of operations

#### 11.5.1 Results of operations for the year ended 31 December 2023 compared to the year ended 31 December 2022

Table 14 - Statement of profit or loss	Year ended 31 December		
	2023 IFRS Audited	Change in %	2022 IFRS Audited
(Amounts in NOK thousands)			
Operating revenue	10,300	-88	87,300
Employee benefit expense	5,100	59	3,200
Other operating expense	2,100	17	1,800
Total operating expense	7,200	41	5,100
Operating profit/(loss)	3,100	-96	82,200
Financial income	0	-100	800
Financial expense	0	0	0
Foreign exchange gain/(loss)	3,100	444	-900
Net financial profit/(loss)	3,100	-3200	-100
Profit/(loss) before tax	6,200	-92	82,100
Tax income/(expense)	1,400	-92	18,100
Annual net profit/(loss)	4,900	-92	64,000

Revenues decreased from NOK 87.3 million in 2022 to NOK 10.3 million in 2023, as revenues in 2023 were limited to the Western Isles License Agreement and revenues in 2022 included a USD 7.5 million milestone payment from the Shell Penguins License Agreement (for further information about the License Agreements, please refer to Section 8.5 "Business operations". The revenue in 2022 relates to the first milestone of the Shell Penguins agreement). Employee benefit expense increased due to salary increases made to bring salaries in line with market levels, as well as bonuses paid. Increase in other operating expenses is due to an overall increase in rates from suppliers, and an increase in legal expenses due to renegotiation of the Western Isles agreement. Foreign exchange gains are from a strengthening of the USD against the NOK.

#### 11.5.2 Results of operations for the year ended 31 December 2022 compared to the year ended 31 December 2021

Table 15 - Statement of profit or loss	Year ended 31 December		
	2022 IFRS Audited	Change in %	2021 IFRS Audited
(Amounts in USD thousands)			
Operating revenue	87,300	533	13,800
Employee benefit expense	3,200	0	3,200
Other operating expense	1,800	50	1,200
Total operating expense	5,100	16	4,400
Operating profit/(loss)	82,200	774	9,400
Financial income	800	-96	22,100
Financial expense	0	-100	16,500
Foreign exchange gain/(loss)	-900	-1000	100
Net financial profit/(loss)	-100	-102	5,700
Profit/(loss) before tax	82,100	444	15,100
Tax income/(expense)	18,100	762	2,100
Annual net profit/(loss)	64,000	392	13,000

Revenues increased from NOK 13.8 million in 2021 to NOK 87.3 million in 2022, as revenues in 2022 included a USD 7.5 million milestone payment from the Shell Penguins License Agreement and revenues in 2021 were limited to the Western Isles License Agreement. Decrease in financial income and expense is due to unwinding the portfolio of marketable securities. Foreign exchange loss is due to weakening of the USD against the NOK.

### 11.6 Alternative Performance Measures

The Group is not using alternative performance measures.

## 11.7 Financial position

### 11.7.1 Financial position as of 31 December 2023 compared to 31 December 2022

Table 16 – Compare financial position 2023 vs 2022	As at 31 December		
	2023 IFRS Audited	Change in %	2022 IFRS Audited
(Amounts in NOK thousands)			
Deferred tax assets	0	0	0
Total non-current assets	0	0	0
Trade and other receivables	0	-100	73,900
Other current financial assets	0	0	0
Cash and cash equivalents	0	0	0
Total current assets	0	-100	73,900
Total assets	0	-100	73,900
Contributed equity and retained earnings	0	-100	73,900
Total equity	0	-100	73,900
Deferred income tax liabilities	0	0	0
Other non-current liabilities	0	0	0
Total non-current liabilities	0	0	0
Current liabilities	0	0	0
Debt to related parties	0	0	0
Other current liabilities	0	0	0
Total current liabilities	0	0	0
Total liabilities	0	0	0
Total equity and liabilities	0	0	0

At the end of 2022, the Shell Penguins' milestone payment was not yet received as per the agreed date set by the agreement with Shell Penguins, and therefore reflected as a receivable. At the end of 2023 there was no outstanding receivable. With the cash received from milestone payments immediately paid out as dividend, the Group has not recorded any equity as of yearend 2023.

### 11.7.2 Financial position as of 31 December 2022 compared to 31 December 2021

Table 17 – Compare financial position 2022 vs 2021	As at 31 December		
	2022 IFRS Audited	Change in %	2021 IFRS Audited
(Amounts in NOK thousands)			
Deferred tax assets	0	0	0
Total non-current assets	0	0	0
Trade and other receivables	73,900	6058	1,200
Other current financial assets	0	-100	500
Cash and cash equivalents	0	0	0
Total current assets	73,900	4247	1,700
Total assets	73,900	4247	1,700
Contributed equity and retained earnings	73,900	4247	1,700
Total equity	73,900	4247	1,700
Deferred income tax liabilities	0	0	0
Other non-current liabilities	0	0	0
Total non-current liabilities	0	0	0
Current liabilities	0	0	0
Debt to related parties	0	0	0
Other current liabilities	0	0	0
Total current liabilities	0	0	0
Total liabilities	0	0	0
Total equity and liabilities	0	0	0

At the end of 2021 there was an outstanding license payment from Dana Petroleum, and at the end of 2022 Shell Penguins' milestone payment was not yet received and therefore reflected as a receivable.

## 11.8 Liquidity and capital resources

### 11.8.1 Sources of liquidity

The Group will receive NOK 25 million in working capital from Magnora as part of the Reorganization. Magnora will also transfer to the Group the last two milestone payments from Shell Penguins, totaling USD 8.6 million, assumed to take place when received from Shell, i.e. the Magnora Receivable, as set out in Section 4.1 "The Reorganization". The Group will generate cash from its Western Isles License Agreement and other Royalty and/or revenue streams the Group invests in once the listing process is closed.

As of the date of the Prospectus, the Company has no interest-bearing debt.

### 11.8.2 Cash flow for the year ended 31 December 2023 compared to the year ended 31 December 2022

<b>Table 18 – Compare cash flow 2023 vs 2022</b>	<b>Year ended 31 December</b>	
<i>Amounts in NOK (thousands)</i>	<b>2023</b>	<b>2022</b>
<b>Net cash flows from operating activities</b>	80,200	9,800
<b>Net cash flows from investing activities</b>	0.0	0.0
<b>Net cash flows from financing activities</b>	-80,200	-9,800
<b>Cash and cash equivalents at end 31 December</b>	0.0	0.0

#### Cash flow from operating activities

The cash from the Shell Penguins' milestone payment was received at the beginning of 2023, while the revenue was earned contractually and hence recorded at the end of 2022. Net cash flows from operating activities of NOK 80.2 million consists of profit before tax (NOK 6.3 million) and the receivable from the Shell Penguins milestone payment (NOK 73.9 million). Revenues decreased from NOK 87.3 million in 2022 to NOK 10.3 million in 2023, as revenues in 2023 were limited to the Western Isles License Agreement. Expenses increased from NOK 5 million in 2022 to NOK 7.2 million in 2023.

#### Cash flow from investing activities

There was no cash flow from investing activities during 2023 and 2022.

#### Cash flow from financing activities

Cash flow from financing activities in 2023 is related to net contribution to parent as described in note 12 in the Carve-out financial statements, which increased from NOK 9.8 million in 2022 to NOK 80.2 million in 2023. Net cash flow from operating activities generated from the legacy licensing business has been distributed to Magnora ASA, as Magnora have used a centralised approach to cash management and financing of its operation. Accordingly, none of Magnora's cash, cash equivalents the corporate level have been assigned in the carve out financial statements. The components of the net transfer to (-) and from (+) Magnora as of 31 December 2023, and 2022 are as follows:

<b>Table 19 – Compare cash flow from financing activities 2023 vs. 2022</b>	<b>Year ended 31 December</b>	
<i>Amounts in NOK millions</i>	<b>2023</b>	<b>2022</b>
Employee benefit expenses	5.1	3.2
Other operating expenses	2.1	1.8
Net finance loss/(gain)	-3.1	0.1
Distribution of operating revenue	-84.2	-15.0
Net contribution from parent	-80.2	-9.8

### 11.8.3 Cash flow for the year ended 31 December 2022 compared to the year ended 31 December 2021

<b>Table 20 – Compare cash flow 2022 vs. 2021</b>	<b>Year ended 31 December</b>	
<i>Amounts in NOK (thousands)</i>	<b>2022</b>	<b>2021</b>
<b>Net cash flows from operating activities</b>	9,800	29,700
<b>Net cash flows from investing activities</b>	0.0	0.0
<b>Net cash flows from financing activities</b>	-9,800	-29,700
<b>Cash and cash equivalents at end 31 December</b>	0.0	0.0

#### Cash flow from operating activities

The revenue from the Shell Penguins License Agreement was earned at the end of 2022, but not received until beginning of 2023. The Group also traded in marketable securities and derivatives during 2021 and 2022. Operating revenues increased from NOK 13.8 million in 2021 to NOK 87.3 million in 2022, as revenues in 2022 had the second milestone from the Shell Penguins License Agreement, bringing in USD 7.5 million, in addition to the Western Isles License Agreement. Expenses increased from NOK 4.4 million in 2021 to NOK 5 million in 2022.

## Cash flow from investing activities

There was no cash flow from investing activities during 2022 and 2021.

## Cash flow from financing activities

Cash flow from financing activities in 2022 is related to net contribution to parent, which decreased from NOK 29.7 million in 2021 to NOK 9.8 million in 2022. Net cash flow from operating activities generated from the legacy licensing business has been distributed to Magnora ASA, as Magnora have used a centralised approach to cash management and financing its operation. Accordingly, none of Magnora's cash, cash equivalents the corporate level have been assigned in the carve out financial statements. The components of the net transfer to (-) and from (+) Magnora as of 31 December 2022, and 2021 are as follows:

Table 21 – Compare cash flow from financing activities 2022 vs. 2021	Year ended 31 December	
	2022	2021
<i>Amounts in NOK millions</i>		
Employee benefit expenses	3.2	3.2
Other operating expenses	1.8	1.2
Net finance loss/(gain)	0.1	-5.7
Distribution of operating revenue	-15.0	-28.5
Net contribution from parent	-9.8	-29.7

### 11.8.4 Financing arrangements

The Company has no financial indebtedness as of the date of this Prospectus.

## 11.9 Financial risk and capital management

For a description of the Group's financial risk and capital management, please see note 3 on page 11 of the Carve-Out Financial Statements for the year ended 31 December 2023.

### 11.10 Investments

The Group has for the period covered by the financial information only invested in marketable securities and derivatives as part of its cash management activities, and has not held any other investments during this period. No other firm investments has been entered into by the Company.

### 11.11 Related party transactions

There are no related party transactions during the reporting periods, except the carve-out of Hermana from Magnora. However, the management agreement between Magnora and Hermana established in 2024 will create related party transactions between the two entities. See note 2 in the Carve-Out Financial Statements for details regarding cost allocations during the carve-out reporting period.

Intercompany transactions between the Group and Magnora have been included in the Carve-Out Financial Statements and are forgiven at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the statement of cash flows as financing activity and in the balance sheet as parent's investment.

### 11.12 Critical accounting policies and estimates

The Group's general accounting policies are summarised in note 2 in the Carve-Out Financial Statements for the year ended 31 December 2023, attached hereto as Appendix B.

### 11.13 Trend information

The Group is not aware of any recent significant changes in the trends related to production, sales or inventory, costs or selling prices in the period between 31 December 2023 and the date of this Prospectus. Nor is the Group aware of any significant changes to the Group's financial performance in the period between 31 December 2023 and the date of this Prospectus.

#### **11.14 Significant changes in the issuer's financial position**

There has been no significant change in the Group's financial position which has occurred since the end of the last financial period for which the audited financial statement has been published to the date of this Prospectus. Magnora is transferring NOK 25 million to Hermana as part of the Reorganisation to ensure the Group has adequate working capital. In addition, Magnora will transfer the remaining two milestone payments from Shell Penguins, expected to take place once received by Magnora, totalling USD 8.6 million.

#### **11.15 Environmental issues affecting the Group's utilization of the tangible fixed assets**

As of the date of this Prospectus, the Company is not aware of any environmental issues that may have an effect on the utilization of any of the existing tangible fixed assets.

## 12 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

### 12.1 Introduction

The Company's highest decision-making authority is the general meeting of shareholders. All shareholders in the Company are entitled to attend or be presented by proxy and vote at general meetings of the Company and to table draft resolutions for items to be included on the agenda for a general meeting.

The overall management of the Company is vested in the Company's Board of Directors and the Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organization, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's CEO is responsible for keeping the Company's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner.

### 12.2 Board of Directors

#### 12.2.1 Overview

The Company's Articles of Association provide that the Board of Directors shall consist of three to seven Board Members elected by the Company's shareholders. Please find details regarding the Board Members, as at the date of this Prospectus, in the table below:

Name	Position	Served since	Term expires	Shares	Options
Erik D. Sneve	Chair	August 2023	August 2025	1,160,372	0
Torstein Sanness	Board Member	March 2024	March 2026	629,442	0
Hilde Ådland	Board Member	March 2024	March 2026	39,011	0
Lars Ørving Eriksen	Board Member	April 2024	March 2026	0	0
Nina Skage	Board Member	April 2024	March 2026	0	0

The Company's registered office at Karenslyst allé 6, 0278 Oslo, Norway, serves as the business address for the members of the Board of Directors in relation to their positions in the Company.

#### 12.2.2 Brief biographies of the Board of Directors

The following sets out a brief introduction to each of the members of the Company's Board of Directors:

##### **Erik D. Sneve** – Chair

Mr. Sneve is the current CEO of Magnora. He has 25 years of experience from various positions in the investment and renewable industry. He also has experience from working as an analyst, consultant and investment director in EY, DnB Markets, Energy Future Invest (EFI – a Statkraft, Hafslund and Eidsiva Energi joint-venture).

He holds a B.Sc. in Finance from Arizona State University with Summa Cum Laude (Dean's list).

Current other directorships and management positions

Directorships:  
Magnora Holding AS, chair  
Magnora Offshore Wind Holding AS, chair  
Magnora Renewable Holding AS, chair  
Magnora Utvikling AS, chair  
Magnora Offshore Wind AS, director  
Magnora South Africa Development AS, director

	Magnora South Africa Projects AS, director
	Magnora UK PV Holding AS, director
	Ballista AS, chair
	Management position(s):
	Magnora ASA, CEO
	Ballista AS, CEO
Previous directorships and management positions held during the last five years	Directorships:
	N/A
	Management position(s):
	N/A

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**Torstein Sanness – Board Member**

Mr. Sanness is the executive Chairman of Magnora. He is furthermore the co-founder of Lundin Petroleum Norway and DNO, and has held several executive positions during his 25 years at Saga Petroleum.

Torstein is a board member of IPC, Panoro Energy and Carbon Transition, and has previously acted as Chairman of Lundin Petroleum Norway.

He holds a Master's degree in Engineering (geology, geophysics and mining engineering) from the Norwegian Institute of Technology.

Current other directorships and management positions	Directorships:
	Attica Exploration AS, chair
	Concedo AS,
	Magnora ASA, chair
	Panoro Energy ASA, vice chair
	Aquila Holding ASA, director
	Management position(s):
	N/A
Previous directorships and management positions held during the last five years	Directorships:
	N/A
	Management position(s):
	N/A

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**Hilde Ådland – Board Member**

Mrs. Ådland is a board member of Magnora. She has extensive experience from various technical, operational, and leadership positions onshore and offshore in Kværner, Statoil and Gas de France/GDF Suez/ Engie/Neptune. She is currently VP of the Norwegian Sea Area in Vår Energi AS.

Mrs. Ådland holds an MSc. in Chemical Process Engineering and has served as Chair of the Operation Committee in Norwegian Oil and Gas (Now Offshore Norge).

Current other directorships and management positions	Directorships:
	Magnora ASA, director

NOFO (Norsk Oljevernforening For Operatørselskap),  
chair

Management position(s):

N/A

Previous directorships and management positions  
held during the last five years

Directorships:

Panoro Energy ASA, director

Management position(s):

N/A

### **Lars Ørving Eriksen – Board Member**

Mr. Eriksen is currently employed as an investment manager in the investment company Middelborg AS, in addition to his position as board member of Hermana Holding AS. His previous experience includes investment banking at RS Platou Markets Corporate Finance and Navis Finance. Mr. Eriksen has a total of 8 years of investment banking advisory experience with a particular focus on maritime sectors.

Mr. Eriksen holds a MSc in Financial Economics from BI Norwegian Business School.

Current other directorships and management  
positions

Directorships:

Lighthouse Reef AS, chair

Ses Shipping AS, director

Zono Holding AS, director

Management position(s):

Lighthouse Reef AS, CEO

Previous directorships and management positions  
held during the last five years

Directorships:

Mork Rensefisk AS, director

Skjerneset Gruppen AS, director

Camp Supply Holding AS, director

ØPD AS, director

Management position(s):

N/A

### **Nina Skage – Board Member**

Mrs. Skage has through her career held several leadership positions through marketing, communication and organizational development in both Norway and internationally, in addition to executive experience from academia. For the past years, she has been a consultant for several companies as well as having held directorship positions in listed companies, cultural institutions and various start-ups.

Mrs. Skage holds a MSc in business and economics (Nw.: Siviløkonom) from St. Cloud State University in Minnesota.

Current other directorships and management  
positions

Directorships:

Aquila Holdings AS, director

Podtown AS, director

Dyrket AS, chair

Eiendomskreditt AS, director

Cloud Communication Tool AS, director

Havila Shipping ASA, director

Ninensoma Consulting AS, chair

Management position(s):

Ninensoma Consulting AS, CEO

Previous directorships and management positions held during the last five years

Directorships:

Bergen Music Festival, director

Axxis Geo Solutions AS, director

Grieghallen AS, director

Fjåk Chocolate AS, director

Management position(s):

N/A

### 12.2.3 Remuneration of the Board of Directors

The Chair of the Board, Erik D. Sneve, did not receive any remuneration for the period from its inception on 23 August 2023 until 31 December 2023. Neither Board Member Torstein Sanness nor Board Member Hilde Ådland received any remuneration for the period from its inception on 23 August 2023 until 31 December 2023.

### 12.2.4 Overview of the Board Members' interests in Magnora

The table below sets forth the shares and options in Magnora held by Board Members.

<b>Name</b>	<b>Position</b>	<b>Shares</b>	<b>Options</b>
Erik D. Sneve	Chair	1,160,372 <sup>33</sup>	450,000
Torstein Sanness	Board Member	629,442	325,000
Hilde Ådland	Board Member	39,011	10,000
Lars Ørving Eriksen	Board Member	-	-
Nina Skage	Board Member	-	-

## 12.3 Management

### 12.3.1 Overview

The Management of the Company consists of 2 individuals. Please find details regarding the Management, as at the date of this Prospectus, in the table below:

<b>Name</b>	<b>Position</b>	<b>Employed since</b>	<b>Shares</b>	<b>Options</b>
Stein Bjørnstad	Chief Executive Officer (CEO)	April 2024	15,000	0
Bård Olsen	Chief Financial Officer (CFO)	April 2024	75,000	0

The Company's registered office, at Karenslyst allé 6, 0278 Oslo, Norway, serves as the business address for the members of the Management in relation to their positions in the Company.

### 12.3.2 Biographies of the members of Management

The following sets out a brief introduction to each of the members of the Management:

<sup>33</sup> 760,372 of which are held through Ballista AS.

**Stein Bjørnstad – Chief Executive Officer (CEO)**

Mr. Bjørnstad has served as CEO of the Company since April 2024 while also serving as Head advisor in Magnora ASA where he has extensive responsibility for governance including the role as Company Secretary. Mr. Bjørnstad is an experienced business developer who helped establish the Norwegian FinTech startup Symfoni AS. He holds a PhD in Economics, with a specialization in Innovation and Entrepreneurship. From 2009 to 2023, Mr. Bjørnstad served as part time Associate Professor at the Norwegian Business School (BI) – he also spent 14 years with Deloitte’s consulting business, most recently as Director of the strategy practice.

Current other directorships and management positions	Directorships: N/A Management position(s): Magnora ASA, head advisor
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Previous directorships and management positions held during the last five years	Directorships: Symfoni AS Management position(s): Symfoni AS, partner
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**Bård Olsen– Chief Financial Officer (CFO)**

Mr. Olsen has served as CFO in Hermana since April 2024 and Magnora since 2019. Prior to this, he served as VP Global Compliance in MHWriith (part of Aker Group). From 2010 to 2014, Mr. Olsen worked with compliance in Aker Solutions, holding a.o. the position as Head of Corporate Internal Audit.

Mr. Olsen holds an MBA from W.P. Carey School of Business – Arizona State University.

Current other directorships and management positions	Directorships: Stickfigure Consulting AS, chair Magnora Offshore Wind AS, director Management position(s): Magnora ASA, CFO Magnora Renewable Holding AS, CEO Magnora Offshore Wind Holding AS, CEO Project Tripartite 1 AS, CEO Western Isles Holding AS (previously Project Tripartite 2 AS), CEO
Previous directorships and management positions held during the last five years	Directorships: Arendal Brygge AS, chair ST. Ybes AS, chair Management position(s): N/A

**12.3.3 Remuneration of the Management**

The below table sets forth the amount of remuneration paid by the Company the Management for the period from its inception on 23 August 2023 until 31 December 2023.

**Table 25 – Remuneration of the Management**

<b>Name and position</b>	<b>Position</b>	<b>Salary</b> <i>(In NOK thousands)</i>	<b>Benefits in kind</b> <i>(In NOK thousands)</i>	<b>Bonus</b> <i>(In NOK thousands)</i>	<b>Pensions costs</b> <i>(In NOK thousands)</i>	<b>Total remuneration</b> <i>(In NOK thousands)</i>
Stein Bjørnstad	Chief Executive Officer (CEO)	0	0	0	0	0
Bård Olsen	Chief Financial Officer (CFO)	0	0	0	0	0

#### 12.3.4 Overview of the Management's interests in Magnora

The table below sets forth the shares and options in Magnora held by members of the Management.

**Table 26 – Overview of the members of the Management's interests in Magnora**

<b>Name</b>	<b>Position</b>	<b>Shares</b>	<b>Options</b>
Stein Bjørnstad	Chief Executive Officer (CEO)	15,000	50,000
Bård Olsen	Chief Financial Officer (CFO)	75,000	125,000

## 12.4 Employees

The Group had no direct employees as of 31 December 2023. As of the date of this Prospectus, the Group has no full-time employees or temporary employees. All personnel working for the Group are hire-in personnel pursuant to certain management service agreements between Magnora and the Company.

As the Group was incorporated on 23 August 2023, the Group has no other historical information with respect to employees.

## 12.5 Share incentive programs

The Group intends, but has not yet made any firm decisions, to implement a share option program covering certain employees in senior positions. Any such share option program shall have the following main terms:

- Granted options are generally vested or earned during a period of three years according to a pre-determined schedule: 1/3 of the granted shares is vested during year 1, 1/3 in year 2 and 1/3 in year 3.
- Vesting requires continued employment or association with the Group.
- Options vested can be exercised at each anniversary year which is each year after the options are granted and must be exercised latest with four years after the award
- The exercise strike price shall be defined as the average closing price of the Company's shares the last 3 months before the day of the grant. The strike price shall be adjusted with an amount paid each share of dividend or other repayments of capital paid after the date of the general meeting.

The Board of Directors may consider granting performance-related remuneration in the form of restricted stock units or other financial instruments instead of or in addition to share options. Such decision will be made by the Board of Directors on a case-by-case basis and will be subject to similar terms as the existing share option program of the Group.

## 12.6 Benefits upon termination

As of the date of this Prospectus, none of the members of the Management have any service contracts with the Company or any subsidiary providing benefits upon termination of employment.

According to the Company's remuneration policy for executive personnel, the members of the Management may, however, at the Board of Directors' discretion, be paid additional remuneration as part of a termination settlement. Such remuneration shall as a guideline not be paid in an amount exceeding 50% of the executive's fixed salary.

## 12.7 Pension and retirement benefits

Neither the Company nor its subsidiary has set aside or accrued any amounts, to provide for pension, retirement or similar benefits for members of the Company's Board of Directors or Management.

## 12.8 Committees

### 12.8.1 *Nomination committee*

The Company's Articles of Association provide for a nomination committee elected by the general meeting. The Company's nomination committee shall consist of a maximum of three members and comprise of Stian Folker Larsen (Chair of the nomination committee), Fredrik D. Sneve, and Gunerius Pettersen. The members of the nomination committee are appointed until the annual general meeting of the Company in 2025.

The nomination committee shall present proposals to the general meeting regarding election of the chair of the Board of Directors, Board Members and any deputy members of the Board of Directors and election of members of the nomination committee.

The nomination committee shall also present proposals to the general meeting for remuneration of the Board of Directors and the nomination committee.

## 12.9 Corporate Governance

The Company has adopted and implemented a corporate governance regime which complies with the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 (the "**Corporate Governance Code**"), with the following exceptions:

- Dividend policy: The Company has not yet established and disclosed a clear and predictable dividend policy but will strive to formulate and follow a dividend policy favorable to the shareholders.
- Share incentive program: The Company's corporate governance policy allows for options and financial instruments to the Board of Directors, and the Company does not believe that participating in the proposed share incentive program would weaken the Board of Directors' independence.
- Audit committee: The Company is not required by the Public Companies Act or the Stock Exchange Regulations to establish an audit committee, and with the transparent business of the Company the Board has considered it unnecessary to appoint one.
- Remuneration committee: None of the members of the Management is a member of the Board of Directors, and the Company does not consider it necessary to establish a remuneration committee to ensure independence for the Board of Directors' deliberations.

Except as stated herein, neither the Board of Directors nor the Company's general meeting of shareholders have adopted any resolutions which are deemed to have a material impact on the Group's corporate governance regime.

### 12.10 Conflict of interests

Board member Lars Ørving Eriksen served as a member of the board of directors in Skjerneset Gruppen AS and ØPD AS when the companies went bankrupt in November 2023 and January 2021, respectively.

Except as set out above, none of the Board Members or the members of the Management has, or had, as applicable, during the last five years preceding the date of this Prospectus:

- any convictions in relation to fraudulent offences;
- been involved in any bankruptcies, receiverships, liquidations or companies put into administration where he/she has acted as a member of the administrative, management or supervisory body of a company, nor as partner, founder or senior manager of a company; or
- received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of affairs of any issuer.

To the Company's knowledge, there are currently no other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Management or the Board of Directors, including any family relationships between such persons.

### 13 CORPORATE INFORMATION AND DESCRIPTION OF THE SHARES

This section includes a summary of certain information relating to the Company's shares and certain shareholder matters, including summaries of certain provisions of applicable law in effect as of the date of this Prospectus. The mentioned summaries do not purport to be complete and is qualified in its entirety by the Company's Articles of Association (attached hereto as Appendix A) and Norwegian law.

#### 13.1 Company corporate information

The Company's registered legal and commercial name is Hermana Holding ASA. The Company is a public limited liability company organized and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. The Company's registration number in the Norwegian Register of Business Enterprises is 932 142 457 and the Company's Legal Entity Identifier code (LEI-code) is 2549005RGU6BUYK07L22.

The Company was incorporated in Norway on 23 August 2023 as a private limited liability company and transformed to a public limited liability company following the extraordinary general meeting held on 14 March 2024.

The Shares have been created under the Norwegian Public Limited Liability Companies Act. The Shares are registered in book-entry form with the VPS under ISIN NO 001 3209239. The Company's register of shareholders in the VPS is administrated by the VPS Registrar.

The Company's registered office is located at Karenslyst allé 6, 0278 Oslo, Norway and the Company's main telephone number is (+47) 453 43 174. The Company's website can be found at [www.hermanaholding.com](http://www.hermanaholding.com). The content of the Company's website is not incorporated by reference into, nor otherwise forms part of, this Prospectus.

#### 13.2 Legal structure

The Company functions as the ultimate parent company of the Group. The following table sets out information about the Company's (directly or indirectly owned) subsidiaries:

Subsidiary / Operating division	Share-holding	Voting rights	Country of incorporation	Description
Western Isles Holding AS (formerly Project Tripartite 2 AS)	100%	100%	Norway	Entitled to license revenue from the Western Isles FPSO pursuant to the Western Isles License Agreement.

As at the date of this Prospectus, the Company is of the opinion that its holdings in the entities specified above are likely to have a significant effect on the on the assessment of its own assets and liabilities, financial position or profits and losses.

#### 13.3 Share capital and share capital history

As of the date of this Prospectus, the Company's current share capital is NOK 9,538,469.41340147 divided on 93,931,178 Shares, each with a nominal value of NOK 0.101547426706407. All Shares are validly issued, fully paid and non-assessable.

The Company has only one class of Shares. Accordingly, there are no differences in the voting rights among the Shares. Each Share carries one vote and all Shares carry equal rights in all respects, including rights to dividends.

The table below shows the development in the Company's share capital for the period starting on the date of inception of the Company, being 23 August 2023, and up to the date of this Prospectus:

Date registered	Type of change	Type of issue	Share capital increase (NOK)	Share capital (NOK)	Subscription price (NOK/share)	Par value (NOK/share)	Issued shares	Total shares
23.08.2023	Incorporation of the Company	New issue of shares	30,000	30,000	30,000	30,000	1	1
14.03.2024	Capital increase with contribution in cash	Increase of nominal value	970,000	1,000,000	970,000	1,000,000	0	1
23.04.2024	Capital reduction in connection	Redemption of the	-1,000,000	0	N/A	N/A	N/A	0

14.06.2024	with the Spin-Off Demerger Capital increase in connection with the Spin-Off Demerger	Company's share New issue of shares	6,676,928.63	6,676,928.63	1.28384301865385	0.101547426706407	65,751,825	65,751,825
15.06.2024	Capital increase with contribution in-kind	New issue of shares	2,861,540.78340147	9,538,469.41340147	No subscription price	0.101547426706407	28,179,353	93,931,178

### 13.4 Lock-up

To the Company's knowledge, there are no restrictions on the disposal of shares on the Company or the Company's shareholders.

### 13.5 Admission to trading

On 22 April 2024, the Company applied for the Shares to be admitted to trading and Listing on Oslo Børs. The Company's listing application was approved by Oslo Børs on 24 May 2024. Upon Listing, the Shares will be admitted to trading through the facilities of Oslo Børs. Trading in the Shares on Oslo Børs is expected to commence on or about 18 June 2024, under the ticker code "HERMA". Other than above, the Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

### 13.6 Board authorization to issue shares

As of the date of this Prospectus, the Company's general meeting has not issued any authorization to issue shares.

### 13.7 Authorization to acquire treasury Shares

As of the date of this Prospectus, the Company's general meeting has not issued any authorization to acquire treasury Shares (i.e., own shares in the Company).

### 13.8 Other financial instruments

Please refer to Section 12.5 "Share incentive programs" concerning the contemplated options plan for key personnel of the Company, which, if implemented, will have a dilutive effect on the Company's shareholders.

### 13.9 Shareholder rights

The Company has one class of Shares on issue, and in accordance with the Norwegian Public Limited Liability Companies Act, all Shares in that class provide equal rights in the Company, including the rights to dividends. Each of the Company's Shares carries one vote. The rights attaching to the Shares are described in Section 13.14 "*The articles of Association and certain aspects of Norwegian law*".

### 13.10 Takeover bids and forced transfer of shares

Prior to the Listing, the Company has not been subject to the Norwegian Securities Act regulation concerning public takeovers as it was not subject to the rules thereunder.

The Company has not received any takeover bids since its inception, including for the above reason.

### 13.11 Change in control

As of the date of this Prospectus, to the knowledge of the Company, there are no arrangements or agreements, which may at a subsequent date result in a change in control in the Company.

### 13.12 Transferability of the Shares

The Shares are freely transferable pursuant to the Company's articles of association, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or rights of first refusal. Pursuant to the Company's articles of association, the Company's Shares shall be registered in the VPS.

### 13.13 Ownership structure

Upon the Listing, the Company will have approximately 7,273 registered shareholders in the VPS. All Shares in the Company, including Shares held by the Company's major shareholders, have equal voting rights.

An overview of shareholders holding 5% or more of the Shares of the Company as of the date of this Prospectus is set out below:

Table 29 – Overview of major shareholders			
#	Shareholder	No. of Shares	Percentage
1	Magnora ASA	28,179,353	30%

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 15.8 "*Disclosure obligations*" for a description of the disclosure obligations pursuant to the Norwegian Securities Trading Act. As at the date of this Prospectus, 1 shareholder holds 5% or more of the Shares of the Company.

No particular measures are initiated to ensure that control is not abused by large shareholders. Minority shareholders are protected from abuse by relevant regulations in inter alia the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Act. See Section 13.14.2 "*Certain aspects of Norwegian law*" and 15.11 "*Compulsory acquisition*" for further information.

### 13.14 The Articles of Association and certain aspects of Norwegian law

#### 13.14.1 *The Articles of Association*

The Company's Articles of Association are set out in Appendix A to this Prospectus. Below is a summary of certain of the provisions of the Articles of Association (office translation).

#### **Company name**

Pursuant to Section 1 of the Articles of Association, the Company's name is Hermana Holding ASA.

#### **Registered office**

Pursuant to Section 2 of the Articles of Association, the Company's business address is in the municipality of Oslo.

#### **Purpose of the Company**

Pursuant to Section 3 of the Articles of Association, the objective of the Company is the conduct of industry, trade and business associated with energy, intellectual property rights and commodities, and sectors directly or indirectly related to these, including investing in licenses, in addition to investments in and acquisitions of businesses, securities, financial instruments and other assets, and participating in other businesses, directly or indirectly linked to these.

#### **Share capital and nominal value**

Pursuant to Section 4 of the Articles of Association, the company's share capital is NOK 9,538,469.41340147 divided on 93,931,178 shares, each with a nominal value of NOK 0.101547426706407. The company's shares shall be registered with the Norwegian Central Securities Depository ASA (VPS).

#### **Transfer of shares**

The Articles of Association contain no restrictions with regard to transfer of Shares.

#### **Board of Directors**

Pursuant to Section 5, the Board of Directors shall consist of three to seven Board Members elected by the general meeting.

### **General meetings**

Pursuant to Section 6 of the Articles of Association, the General Meeting shall address and decide:

- approval of the profit and loss accounts and balance sheet;
- distribution of profits or appropriation of deficit pursuant to the specified balance sheet, and distribution of dividend; and
- other issues which according to the law or the Articles of Association shall be considered by the general meeting.

### **Signature**

Pursuant to Section 5, two Board Members jointly, or the CEO and one Board Member jointly, may sign on behalf of the Company. The Board of Directors may grant power of attorney.

### **Nomination committee**

Pursuant to Section 7 of the Articles of Association, the Company shall have a nomination committee comprising of up to three members elected by the General Meeting.

### **Change of control**

There are no provisions in the Articles of Association that would have an effect of delaying, deferring or preventing a change in control of the Company.

#### *13.14.2 Certain aspects of Norwegian law*

##### *13.14.2.1 General meeting of shareholders*

In accordance with Norwegian law, the Annual General Meeting of the Company's shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that written notice of General Meetings setting forth the time, date, venue and agenda of the meeting be sent to all shareholders whose addresses are known at least two weeks prior to the date of the meeting. A shareholder may vote at the General Meeting either in person or by proxy. Although Norwegian law does not require the Company to send proxy forms to its shareholders for General Meetings, the Company may include a proxy form with notices of General Meetings.

Only those who are shareholders five working days before the general meeting (the record date) have the right to participate and vote at the general meeting.

Apart from the Annual General Meeting, Extraordinary General Meetings of shareholders may be held if the Board of Directors considers it necessary. An Extraordinary General Meeting of shareholders must also be convened for the consideration of specific matters at the written request of the Company's auditor or of shareholders representing a total of at least 5% of the Company's share capital. The requirements for notice and admission to the Annual General Meeting of the Company's shareholders also apply for Extraordinary General Meetings of shareholders.

##### *13.14.2.2 Voting rights*

Each of the Company's Shares carries one vote. In general, and, unless otherwise regulated, decisions that shareholders are entitled to make under Norwegian law or the Articles of Association may be made by a simple majority of the votes cast. In the case of elections, the persons who obtain the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to derogate from the shareholders preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase the Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a General Meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the General Meeting of the Company's shareholders in question vote in favor of the resolution, as well as the majority required for amending the Articles of Association. Certain types of changes

in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amending the Articles of Association.

In general, only persons who are shareholders five working days before the General Meeting is held and who are registered in the VPS are entitled to vote on Shares. Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) will have the right to participate in the General Meeting if he or she gives the Company no later than two working days advance notice before the General Meeting of his or her intention to participate in the General Meeting, unless the Board of Directors has set a later deadline for the notification (i.e. closer to the General Meeting).

There are no quorum requirements that apply to the General Meetings of the shareholders of the Company.

No shareholder may vote at the General Meeting for more than 25% of the shares issued by the Company.

#### *13.14.2.3 Additional issuances and preferential rights*

If the Company issues any new Shares, including bonus share issues, the Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a General Meeting of the Company's shareholders passed by the same vote required to approve amending the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

At a General Meeting, the Company's shareholders may, by the same vote as is required for amending the Articles of Association, authorize the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the par value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorization is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve, and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the par value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's US shareholders may not be able to exercise their preferential rights. If a US shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company if deemed appropriate by the Company. Similar restrictions may apply in other jurisdictions.

#### *13.14.2.4 Minority rights*

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of General Meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the General Meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may require the courts to dissolve the Company as a result of such decisions. Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Company's Board of Directors convene an Extraordinary General Meeting of the Company's shareholders to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any General Meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the General Meeting has not expired.

#### *13.14.2.5 Rights of redemption and repurchase of Shares*

The share capital of the Company may be reduced by reducing the par value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and

at least two-thirds of the share capital represented at a General Meeting of the Company's shareholders. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorization to do so by a General Meeting of the Company's shareholders with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization by the General Meeting of the Company's shareholders cannot be granted for a period exceeding two years.

#### *13.14.2.6 Shareholder vote on certain reorganisations*

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the General Meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the General Meeting. A merger plan or demerger plan signed by the Board of Directors along with certain other required documentation would have to be sent to all the Company's shareholders at least one month prior to the General Meeting of the Company's shareholders to pass upon the matter.

#### *13.14.2.7 Liability of Board Members*

Board Members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Board Members may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

#### *13.14.2.8 Indemnification of Board Members*

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for its Board Members against certain liabilities that they may incur in their capacity as such.

#### *13.14.2.9 Distribution of assets on liquidation*

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

### **13.15 Shareholder agreements**

The Company is not aware of any shareholders' agreements related to the Shares which will be in force upon Listing.

## **14 TRANSFER RESTRICTIONS**

### **14.1 General**

The Shares may, in certain jurisdictions, be subject to restrictions on transferability and resale and may not be transferred or sold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risk of the investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Receipt of this Prospectus shall not constitute an offer for Shares and this Prospectus is for information only and should not be copied or redistributed. Accordingly, if an existing shareholder receives a copy of this Prospectus, the existing shareholder should not distribute or send the same or transfer the Shares to any person in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If an existing shareholder forwards this Prospectus into any such territories (whether under a contractual or obligation or otherwise), the existing shareholder should direct the recipient's attention to the contents of this Section 14 "*Transfer restrictions*".

The Shares may not be transferred or delivered, directly or indirectly, in or into, any jurisdiction in which it would not be permissible to transfer the Shares and this Prospectus shall not be accessed by any person in any jurisdiction it would not be permissible to transfer the Shares.

The information in this Section "*Transfer restrictions*" is intended as a general guide only. If any recipient is in any doubt of any of the contents of these restrictions, or whether any of these restrictions apply to that recipient, the recipient should obtain independent professional advice without delay.

### **14.2 United States**

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Prospectus.
- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.
- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that

it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.

- The purchaser acknowledges that the Company, the Listing Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.
- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser will not deposit or cause to be deposited such Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.
- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.
- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.
- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Listing Advisor and its respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

### **14.3 European Economic Area**

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Listing Advisor and the Company that:

- it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and
- in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Listing Advisor has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

## **15 SECURITIES TRADING IN NORWAY**

*Set out below is a summary of certain aspects of securities trading in Norway. The summary is based on the rules and regulations in force in Norway as at the date of this Prospectus, which may be subject to changes occurring after such date. This summary does not purport to be a comprehensive description of securities trading in Norway. Investors who wish to clarify aspects of securities trading in Norway should consult with and rely upon their own advisors.*

### **15.1 Introduction**

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway through five different marketplaces; Oslo Børs, Euronext Expand, Euronext Growth, Nordic ABM and Oslo Connect. Oslo Børs ASA is 100% owned by Oslo Børs VPS Holding ASA, which was acquired by Euronext N.V. in 2019, a European stock exchange with registered office in Amsterdam and corporate headquarters at La Défense in Greater Paris which operates markets in Amsterdam, Brussels, London, Lisbon, Dublin, Oslo and Paris. Oslo Børs ASA owns 97% of the shares in Fish Pool ASA. Oslo Børs ASA complies with the European code of conduct commitments on service unbundling and accounting separation. Oslo Børs VPS Holding ASA also wholly-owns the Norwegian Central Securities Depository (VPS).

### **15.2 Market value of shares on Oslo Børs**

The market value of all shares on Oslo Børs, including the Shares following the Listing, may fluctuate significantly, which could cause investors to lose a significant part of their investment. The market value of listed shares could fluctuate significantly in response to a number of factors beyond the respective issuer's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the respective issuer or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the issuer, its products and services or its competitors, lawsuits against the issuer, unforeseen liabilities, changes in Management, changes to the regulatory environment in which the issuer operates or general market conditions.

Furthermore, future issuances of shares or other securities may dilute the holdings of shareholders and could materially affect the price of the shares. Any issuer, including the Company, may in the future decide to offer additional shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes, including for refinancing purposes. There are no assurances that any of the issuers on Oslo Børs will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If a listed company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted, and thereby affect share price.

### **15.3 Trading and settlement**

As of the date of this Prospectus, trading of equities on Oslo Børs is carried out in the electronic trading system Optiq, which is the the electronic trading system of Euronext.

Official regular trading for equities on Oslo Børs takes place between 09:00 hours (Oslo time) and 16:20 hours (Oslo time) each trading day, with pre-trade period between 08:15 hours (Oslo time) and 09:00 hours (Oslo time), closing auction from 16:20 hours (Oslo time) to 16:25 hours (Oslo time) and a post-trade period from 16:25 hours (Oslo time) to 17:30 hours (Oslo time). Reporting of after exchange trades can be done until 17:30 hours (Oslo time).

The settlement period for trading on Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making

activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

#### **15.4 Information, control and surveillance**

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

#### **15.5 The VPS and transfer of shares**

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being the Central Bank of Norway'), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the Company's Articles of Association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

#### **15.6 Shareholder register – Norwegian law**

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. Beneficial owners of shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their names with the VPS prior to any general meeting of shareholders. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about

beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners. There is no assurance that beneficial owners of Shares will receive notices of any General Meetings in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners. For more information on nominee accounts, see Section 13.14.2 "*Certain aspects of Norwegian law*" under the subheading "*General meeting of shareholders*".

### **15.7 Foreign investment in shares listed in Norway**

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign. Foreign investors are, however, to note that the rights of holders of listed shares of companies incorporated in Norway are governed by Norwegian law and by the respective company's articles of association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by a listed company in respect of wrongful acts committed against such company will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against such company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions. For more information, see Section 13.14.2 "*Certain aspects of Norwegian law*".

### **15.8 Disclosure obligations**

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

### **15.9 Insider trading**

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Chapter 2 of the Article Market Abuse Regulation (EU) 596/2014, pursuant to Section 3-1 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

### **15.10 Mandatory offer requirement**

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (or provided that the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. The settlement must be guaranteed by a financial institution authorized to provide such guarantees in Norway.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (provided that the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

### **15.11 Compulsory acquisition**

Pursuant to the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Liability Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be

determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

### **15.12 Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

### **15.13 Other information**

#### *15.13.1 Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares*

The Company may in the future decide to offer and issue new Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. Accordingly, the Company's shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

#### *15.13.2 Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway*

The Company is a public limited liability company organized under the laws of Norway. The majority of the members of the Board of Directors and Management reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

#### *15.13.3 Norwegian law could limit shareholders' ability to bring an action against the Company*

The rights of holders of the Shares are governed by Norwegian law and by the Company's Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For example, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

#### *15.13.4 Investors could be unable to exercise their voting rights for Shares registered in a nominee account*

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) could be unable to vote for such Shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depository (VPS) prior to any general meeting of shareholders. There is no assurance that beneficial owners of the Shares will receive the notice of any general meeting of shareholders in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

*15.13.5 Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders*

Under Norwegian law, unless otherwise resolved at the Company's general meeting of shareholders, existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction.

The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares. Doing so in the future could be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be diluted.

## 16 NORWEGIAN TAXATION

### 16.1 Introduction

The tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdiction in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.

The summary regarding Norwegian taxation set out in this Section 16 is based on the laws in force in Norway as of the date of this Prospectus, which may be subject to any changes in law, administrative practice or interpretation occurring after such date. Such changes could possibly be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be residents in Norway for tax purposes (under domestic tax law or under tax treaties) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

As will be evident from the description, taxation will differ depending on whether the shareholder is a limited liability company or a natural person.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

### 16.2 Taxation of dividends

#### 16.2.1 Norwegian Personal Shareholders

Dividends received by shareholders who are natural persons resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable as ordinary income currently at a rate of 22%, to the extent the dividends exceed a statutory tax-free allowance (Nw. *skjermingsfradrag*). With effect from the fiscal year 2024 the taxable amount is multiplied by a factor of 1.72, resulting in an effective tax rate of 37.84 (22% x 1.72).

The tax-free allowance is calculated on a share-by-share basis. The allowance for each Share is equal to the cost price of the Share multiplied by a determined risk-free interest rate based on the effective rate of interest on treasury bills (Nw. *statskasseveksler*) with three months' maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year and is allocated solely to Norwegian Personal Shareholders holding Shares at the expiration of the relevant calendar year. The risk-free interest rate is published in January in the year following the income year. The risk-free interest rate for 2023 was 3.2%.

Norwegian Personal Shareholders who transfer Shares will thus not be entitled to deduct any calculated tax-free allowance related to the year of the transfer when determining the taxable amount in the year of transfer. Any part of the calculated tax-free allowance one year that exceeds the dividend distributed on a Share ("**Excess Allowance**") may be carried forward and set off against future dividends received on, or gains upon realization of, the same Share.

Norwegian Personal Shareholders may hold the Shares through a Norwegian share saving account (Nw. *Aksjesparekonto*). Dividends received on Shares held through a share saving account will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the paid in deposit will be regarded as taxable income, regardless of whether the funds are derived from gains or dividends related to the Shares held in the account. Such income will be taxed with an effective tax rate of 37.84, cf. the description above concerning taxation of dividends.

The tax-free allowance is, when investing through share saving accounts, calculated based on the lowest paid in deposit in the account during the income year, plus any unused tax-free allowance from previous years. The tax-free allowance can only be deducted in order to reduce taxable income and cannot increase or produce a deductible loss. Any Excess Allowance may be carried forward and set off against future withdrawals from the account.

#### 16.2.2 Norwegian Corporate Shareholders

Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are largely exempt from tax on dividends distributed from the

Company, pursuant to the Norwegian participation exemption method (Nw. *fritaksmetoden*). However, unless the Norwegian Corporate Shareholder holds more than 90% of the Shares and the voting rights of the company, 3% of the dividend income distributed to the Norwegian Corporate Shareholder is taxable as ordinary income at a rate of 22% resulting in an effective tax rate of 0.66% (22% x 3%).

### 16.2.3 *Non-Norwegian Personal Shareholders*

Dividends distributed to shareholders who are natural persons not resident in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**") are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends, and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual Share (please see Section 16.2.1 "*Norwegian Personal Shareholders*"). However, the tax-free allowance deduction does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder carries out business activities in or managed from Norway and the Shares are, in effect, connected to such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have been imposed with a higher withholding tax than set out in an applicable tax treaty, may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted, if certain documentation requirements are met. Non-Norwegian Personal Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

Non-Norwegian Personal Shareholders, who are resident in an EEA country may hold the Shares through a Norwegian share saving account (Nw. *Aksjesparekonto*) to the same extent as Norwegian shareholders. Please refer to Section 16.2.1 "*Norwegian Personal Shareholders*" above for a description of taxation of shares held on a share saving account.

### 16.2.4 *Non-Norwegian Corporate Shareholders*

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**") are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempted from Norwegian withholding tax, provided that the shareholder is the beneficial owner of the Shares and is considered to be "genuinely established and performs genuine economic activity" in the relevant EEA jurisdiction for Norwegian tax purposes.

If a Non-Norwegian Corporate Shareholder carries out business activities in or managed from Norway and the Shares are, in effect, connected to such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty, may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Non-Norwegian Corporate Shareholders who have suffered withholding tax although qualifying for the Norwegian participation exemption method.

All Non-Norwegian Corporate Shareholders must document their entitlement to a reduced withholding tax rate by either (i) presenting an approved withholding tax refund application or (ii) present an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate. In addition, certain other documentation requirements must be met, and the relevant documentation must be provided to either the nominee or the account operator registered with the VPS. Non-Norwegian Corporate Shareholders should consult their own advisers regarding the possibility of effectively obtaining a reduced withholding tax rate pursuant to either an applicable tax treaty or the participation exemption method.

## **16.3 Taxation of capital gains on realization of shares**

### *16.3.1 Norwegian Personal Shareholders*

Sale, redemption or other disposal of Shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of Shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is in 2024 taxable at a rate of 22%. However, with effect from the fiscal year 2024, the taxable capital gain (after the tax-free allowance reduction, cf. below) or tax-deductible loss shall be adjusted by a factor of 1.72, resulting in a marginal effective tax rate of 37.84.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of Shares disposed of.

The taxable gain/deductible loss is calculated per Share as the difference between the consideration for the Share and the Norwegian Personal Shareholder's cost price of the Share, including costs incurred in relation to the acquisition or realizations of the Share. Norwegian Personal Shareholders are entitled to deduct a statutory tax-free allowance from any capital gain, provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 16.2.1 "*Norwegian Personal Shareholders*" above for a description of the calculation of the tax-free allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a Share will be annulled.

If the Norwegian Personal Shareholder owns Shares acquired at different points in time, the Shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Gains derived upon the realization of Shares held through a share saving account will be exempt from immediate Norwegian taxation and losses will not be tax deductible. Instead, withdrawal of funds from the share saving account exceeding the Norwegian Personal Shareholder's paid in deposit, will be regarded as taxable income, subject to tax at an effective tax rate of 37.84% (please see Section 16.2.1 "*Norwegian Personal Shareholders*" above for more information regarding share saving accounts).

### *16.3.2 Norwegian Corporate Shareholders*

Norwegian Corporate Shareholders are generally exempt from tax on capital gains derived from the realization of Shares, pursuant to the Norwegian participation exemption method. Correspondingly, losses upon the realization and costs incurred in connection with the purchase and realization of such Shares are not deductible for tax purposes.

### *16.3.3 Non-Norwegian Personal Shareholders*

Gains from the sale or other disposal of Shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Shares held by the Non-Norwegian Personal Shareholder are, in effect, connected to business activities carried out in or managed from Norway, or the Shares are held by a Non-Norwegian Personal Shareholder who has been a resident of Norway for tax purposes with unsettled/postponed exit tax calculated on the Shares at the time of cessation of Norwegian tax residency.

Please refer to Section 16.2.3 "*Non-Norwegian Personal Shareholders*" above for a description of the availability of a Norwegian share saving account for Non-Norwegian Personal Shareholders. Please refer to Section 16.2.1 "*Norwegian Personal Shareholders*" for a description of the taxation of dividends on Shares held on a share saving account.

### *16.3.4 Non-Norwegian Corporate Shareholders*

Capital gains derived from the sale or other realization of Shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway unless the Shares held by the Non-Norwegian Corporate Shareholder are, in effect, connected with business activities carried out in or managed from Norway.

## **16.4 Net wealth tax**

The value of Shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. With effect from the fiscal year 2024, the marginal net wealth tax rate is 1% of the tax assessment value of total net assets exceeding NOK 1.7 million (NOK 3.4 million jointly for married couples), increased to

1.1% of the tax assessment value of total net assets exceeding NOK 20 million. The value for assessment purposes for listed Shares is, with effect from the fiscal year 2024, equal to 80% of the listed value as of 1 January in the year of assessment (i.e., the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to net wealth tax.

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders may, however, be liable for Norwegian net wealth tax if the shareholding is, in effect, connected to business activities carried out in or managed from Norway.

#### **16.5 VAT and transfer tax**

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of Shares.

#### **16.6 Inheritance tax**

A transfer of Shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

#### **16.7 The Company's responsibility for the withholding of taxes**

The Company is responsible for and shall deduct, report and pay any applicable withholding tax to the Norwegian tax authorities.

## 17 ADDITIONAL INFORMATION

### 17.1 Independent auditor

The Company's independent auditor is Deloitte AS, with registration number 980 211 282 and business address at Dronning Eufemias gate 14, 0191 Oslo, Norway. Deloitte AS is a member of The Norwegian Institute of Public Accountants (Nw.: *Den Norske Revisorforeningen*). Deloitte AS has been the Company's since its inception.

The Carve-Out Financial Statements as of and for the years ended 31 December 2023, 2022 and 2021 have been audited by Deloitte AS as set forth in their report included herein. Deloitte AS has also audited the Stand-Alone Financial Statements.

Deloitte AS has not audited, reviewed or produced any report on any other information provided in this Prospectus.

### 17.2 Advisors

Pareto Securities AS (address: Dronning Mauds gate 3, 0250 Oslo, Norway) is acting as Listing Advisor in connection with the Listing.

Advokatfirmaet Schjødt AS (address: Tordenskiolds gate 12, 0160 Oslo, Norway) functions as the Company's Norwegian legal counsel.

### 17.3 Documents on display

Copies of the following documents will be available for inspection at the Company's offices at Karenslyst allé 6, 0278 Oslo, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- the Company's certificate of incorporation and Articles of Association;
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus; and
- this Prospectus.

The documents are also available at the Company's website [www.hermanaholding.com](http://www.hermanaholding.com). The content of the Company's website is not incorporated by reference into, or otherwise form part of, this Prospectus.

### 17.4 Incorporation by reference

The information incorporated by reference in this Prospectus should be read in connection with the cross-reference table set out below. Except from Section 17.4 "Incorporation by reference", no other information is incorporated by reference in this Prospectus.

Reference to relevant section(s) in Prospectus:	Reference:	Reference document and web address:
Section 4 and Section 10	The Company's audited Stand-Alone Financial Statements for the period starting on 23 August and ending on 31 December 2023, prepared in accordance with IFRS.	Hermana-Holding-ASA-Financial-Statements-23-Aug-31-Dec-2023-IFRS_w_-Auditors-Report.pdf (hermanaholding.com)

## 18 DEFINITIONS AND GLOSSARY

The following definitions and glossary apply in this Prospectus unless otherwise dictated by the context, including the foregoing pages of this Prospectus:

<b>Table 30 – Definitions and glossary</b>	
<b>Defined terms</b>	<b>Meanings</b>
<b>Articles of Association</b>	The articles of association of the Company
<b>Board Members</b>	The members of the Board of Directors
<b>Board of Directors</b>	The board of directors of the Company
<b>Carve-Out Financial Statements</b>	The carve-out financial statements for the financial years ended 31 December 2023, 2022, and 2021 prepared by the Company in connection with the Listing based on the historical audited financial statements of Magnora (i.e. continuity of the carrying values of the assets and liabilities transferred to the Group)
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>Companies Act</b>	Norwegian Public Limited Companies Act of 1997 No. 45
<b>Company or Hermana</b>	Hermana Holding ASA
<b>Corporate Governance Code</b>	Norwegian Code of Practice for Corporate Governance, dated 14 October 2021
<b>Data Protection Laws</b>	Laws and regulations regarding data protection and privacy, including but not limited to the General Data Protection Regulation (EU) 2016/679 (GDPR) in the EU/EEA incorporated in Norwegian law through the Personal Data Act.
<b>Dana Petroleum</b>	Dana Petroleum (E&P) Limited
<b>EEA</b>	The European Economic Area
<b>ESMA</b>	The European Securities and Markets Authority
<b>EU</b>	The European Union
<b>EU Prospectus Regulation</b>	Regulation (EU) 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 as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act
<b>EUR</b>	The single currency of the participating member states in the EU participating in the European Monetary Union having adopted euro as its lawful currency
<b>Euronext Growth</b>	A multilateral trading facility operated by Oslo Børs ASA
<b>FCPA</b>	The U.S. Foreign Corrupt Practices Act of 1977
<b>Forward-looking statements</b>	All statements other than historic facts or present facts, typically indicated by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar
<b>FPSO</b>	Floating production, storage and offloading unit
<b>Group</b>	The Company together with its consolidated subsidiaries
<b>IAS 34</b>	International Accounting Standard 34 "Interim Financial Reporting", as adopted by the EU
<b>IFRS</b>	International Financial Reporting Standards as adopted by the EU
<b>Internation Reorganization</b>	The merger of Project Tripartite 1 AS and Western Isles Holding AS (a wholly owned subsidiary of Magnora), with Magnora issuing consideration to the shareholders by increasing the nominal value of their shares in Magnora
<b>ISIN</b>	Securities number with the Norwegian Central Securities Depository (VPS)
<b>License Agreements</b>	The Shell Penguins License Agreement and the Western Isles License Agreement
<b>License Business</b>	The business carved out from Magnora, being mainly the License Agreements which are expected to generate revenue by way of Royalty payments

<b>Listing</b>	Listing of the Company's Shares on Oslo Børs
<b>Listing Advisor</b>	Pareto Securities AS
<b>Magnora</b>	Magnora ASA
<b>Magnora Receivable</b>	The receivable of USD 8.6 million from Magnora tied to the Shell Penguins FPSO
<b>Management</b>	The Company's senior executive management team
<b>NDA</b>	Non-disclosure agreement
<b>NOK</b>	Norwegian Kroner, the lawful currency of Norway
<b>Non-Norwegian Personal Shareholder or Non-Norwegian Corporate Shareholders</b>	Shareholders who are not resident in Norway for tax purposes
<b>Norwegian FSA</b>	Financial Supervisory Authority of Norway (Nw.: <i>Finanstilsynet</i> )
<b>Norwegian Public Limited Liability Companies Act</b>	Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45
<b>Norwegian Securities Trading Act</b>	Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended
<b>Oslo Børs or Oslo Stock Exchange</b>	Oslo Børs, a stock exchange operated by Oslo Børs ASA
<b>Prospectus</b>	This Prospectus dated 17 June 2024
<b>Norwegian Personal Shareholder or Norwegian Corporate Shareholders</b>	Shareholders who are resident in Norway for tax purposes
<b>Reorganization</b>	The Spin-Off Demerger together with the Internal Reorganization
<b>Royalties</b>	A right to a share of an asset's future revenue stream, acquired through an upfront investment
<b>Royalty Model</b>	The type of business model whereupon the Group over time will expand its royalties from currently having payments and revenues from one license, to have a portfolio of acquired licences, providing the Group with a stream of license revenues from a diversified portfolio of licenses. There is, however, no guarantee that the Group will be able to build up such a portfolio of licenses.
<b>Sevan Marine</b>	Sevan Marine ASA, changed its name to Magnora
<b>Sembcorp Marine</b>	Sembcorp Marine Ltd.
<b>Share(s)</b>	The Company's outstanding shares, each with a par value of NOK 0.101547426706407
<b>Shell Penguins License Agreement</b>	The license agreement with Shell for the Shell Penguins FPSO
<b>Shell</b>	Shell Plc, or companies owned directly or indirectly by it
<b>Schjødt</b>	Advokatfirmaet Schjødt AS
<b>Spin-Off Demerger</b>	The transfer of 70% of the shares in Western Isles Holding AS from Magnora to the Company in the second demerger
<b>Stand-Alone Financial Statements</b>	Stand-alone financial statements for the period starting on 23 August and ending on 31 December 2023 prepared by the Company in accordance with IFRS
<b>Streams</b>	A right to purchase a share of future production at an agreed-upon price
<b>U.S. or United States</b>	The United States of America
<b>USD</b>	United States Dollars, the lawful currency of the United States of America
<b>VPS</b>	The Norwegian Central Securities Depository (Nw: <i>Verdipapirsentralen</i> )
<b>VPS Registrar</b>	Nordea Bank Abp, filial i Norge
<b>Western Isles License Agreement</b>	The license agreement with Dana Petroleum for the Western Isles FPSO

# **APPENDIX A:**

## **Articles of Association**

## VEDTEKTER

### FOR

#### HERMANA HOLDING ASA

(org.nr. 932 142 457)

*(sist endret 14. juni 2024)*

#### § 1 – Navn

Selskapets foretaksnavn er Hermana Holding ASA.

#### § 2 – Forretningskontor

Selskapets forretningskontorer er i Oslo kommune.

#### § 3 – Formål

Selskapets formål er å drive industri, handel og virksomhet knyttet til energi, immaterielle rettigheter og råvarer, og næringssektorer direkte eller indirekte knyttet til dette, herunder investering i lisenser, samt investeringer i og erverv av virksomheter, verdipapirer, finansielle instrumenter og andre eiendeler og deltakelse i annen virksomhet direkte eller indirekte knyttet til dette.

#### § 4 – Aksjekapital

Selskapets aksjekapital er NOK 9 538 469,41340147 fordelt på 93 931 178 aksjer hver pålydende NOK 0,101547426706407.

#### § 5– Styret

Selskapets styre skal bestå av 3-7 medlemmer. To styremedlemmer i fellesskap, eller daglig leder og ett styremedlem i fellesskap, har selskapets signatur.

Styret kan meddele prokura.

#### § 6 – Generalforsamlingen

Generalforsamling kan også holdes i Bærum kommune. Styret kan beslutte at dokumenter som gjelder saker som skal behandles på

## ARTICLES OF ASSOCIATION

### FOR

#### HERMANA HOLDING ASA

(reg. no. 932 142 457)

*(last amended on 14 June 2024)*

#### Article 1 – Name

The business name of the company is Hermana Holding ASA.

#### Article 2 – Company's registered office

The Company's registered office is in the municipality of Oslo.

#### Article 3 – Objectives

The objective of the Company is the conduct of industry, trade and business associated with energy, intellectual property rights and commodities, and sectors directly or indirectly related to these, including investing in licenses, in addition to investments in and acquisitions of businesses, securities, financial instruments and other assets, and participating in other businesses, directly or indirectly linked to these.

#### Article 4 – Share capital

The company's share capital is NOK 9,538,469.41340147 divided on 93,931,178 shares, each with a nominal value of NOK 0.101547426706407.

#### Article 5 – The board of directors

The Company's Board of Directors shall consist of 3-7 members. Two board members jointly, or the CEO and one board member jointly, may sign on behalf of the Company.

The Board may grant power of attorney.

#### Article 6 – The general meeting

General meetings may also be held in Bærum municipality. The Board of Directors may decide that documents concerning matters to be considered at the

generalforsamlingen, ikke sendes til aksjeeierne når disse gjøres tilgjengelig på selskapets nettsider.

Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

Aksjeeiere som vil delta i en generalforsamling i selskapet, skal melde dette til selskapet innen en frist som angis i innkallingen til generalforsamling, og som ikke kan utløpe tidligere enn to virkedager før generalforsamlingen.

Aksjeeierne kan avgi sin stemme skriftlig, herunder ved bruk av elektronisk kommunikasjon før generalforsamlingen og med frist fastsatt av styret. For slik stemmegivning skal det benyttes en betryggende metode for å autentisere avsenderen.

På den ordinære generalforsamling skal følgende saker behandles og avgjøres:

1. Fastsettelse av resultatregnskap og balanse,
2. anvendelse av årsoverskudd eller dekning av underskudd i henhold til den fastsatte balanse, og utdeling av utbytte, og
3. andre saker som etter lov eller vedtak hører inn under generalforsamlingen.

### **§ 7 – Valgkomité**

Selskapet skal ha en valgkomité bestående av inntil tre medlemmer valgt av generalforsamlingen, som også velger komitéens leder. Medlemmene velges for inntil to år av gangen.

Ved valg av styremedlemmer og ved valg av valgkomité skal valgkomitéen i forbindelse med innkalling til generalforsamling avgi forslag til kandidater overfor generalforsamlingen.

General Meeting are not to be sent to shareholders when the documents are made available on the

Company's website. This also applies to documents which by law shall be enclosed in or attached to the notice of a General Meeting. Shareholders may nonetheless request that documents concerning matters to be considered at the General Meeting be submitted to them.

Shareholders who wish to participate in a General Meeting of the company, shall notify this to the company within a deadline set out in the notice of the General Meeting, and which cannot expire earlier than two business days prior to the General Meeting.

The shareholders may cast their vote in writing, including by using electronic communication before the general meeting and with a deadline as determined by the board. For such voting, a reliable method must be used to authenticate the sender.

The ordinary General Meeting shall address and resolve the following issues:

1. Approval of the profit and loss accounts and balance sheet;
2. distribution of profits or appropriation of deficit pursuant to the specified balance sheet, and distribution of dividend; and
3. other issues which according to the law or the articles of association shall be considered by the General Meeting.

### **Article 7 – Nomination Committee**

The Company shall have a Nomination Committee comprising of up to three members elected by the General Meeting. The General Meeting also elects the Chairperson of the Nomination Committee. The members of the Nomination Committee shall be elected for terms of up to two years.

In connection with the elections of Directors and members to the Nomination Committee, the Nomination Committee shall provide a proposal for candidates to the General Meeting.

Valgkomitéen skal også fremme forslag til styrets og valgkomitéens godtgørelse.

The Nomination Committee shall also present a proposal for the remuneration to the Board of Directors and the Nomination Committee.

Generalforsamlingen fastsetter instruks for valgkomitéen og fastsetter honoraret til valgkomitéens medlemmer.

The General Meeting determines instructions for the Nomination Committee and determines the fee to the members of the Nomination Committee.

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## **APPENDIX B:**

**The Group's audited financial statement for 2023 (IFRS) with comparative figures for the year 2022  
and 2021**

**HERMANA HOLDING ASA CARVE-OUT ANNUAL REPORT 2021-23**
**CARVE-OUT STATEMENT OF COMPREHENSIVE INCOME**

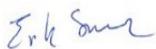
<b>NOK million</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Operating revenue	13	10.3	87.3	13.8
Employee benefit expense		5.1	3.2	3.2
Other operating expense	14	2.1	1.8	1.2
<b>Total operating expense</b>		<b>7.2</b>	<b>5.1</b>	<b>4.4</b>
<b>Operating profit/(loss)</b>		<b>3.1</b>	<b>82.2</b>	<b>9.4</b>
Financial income	11	0.0	0.8	22.1
Financial expense	11	0.0	0.0	16.5
Foreign exchange gain/(loss)	11	3.1	-0.9	0.1
<b>Net financial profit/(loss)</b>		<b>3.1</b>	<b>-0.1</b>	<b>5.7</b>
<b>Profit/(loss) before tax</b>		<b>6.2</b>	<b>82.1</b>	<b>15.1</b>
Tax income/(expense)	10	1.4	18.1	2.1
<b>Annual net profit/(loss)</b>		<b>4.9</b>	<b>64.0</b>	<b>13.0</b>
<b>Total comprehensive income</b>		<b>4.9</b>	<b>64.0</b>	<b>13.0</b>

## CARVE-OUT BALANCE SHEETS

NOK million	Note	2023	2022	2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Deferred tax assets	10	0.0	0.0	0.0
<b>Total non-current assets</b>		0.0	0.0	0.0
<b>Current Assets</b>				
Trade and other receivables	8	0.0	73.9	1.2
Other current financial assets		0.0	0.0	0.5
Cash and cash equivalents		0.0	0.0	0.0
<b>Total current assets</b>		0.0	73.9	1.7
<b>TOTAL ASSETS</b>		0.0	73.9	1.7
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Contributed equity and retained earnings		0.0	73.9	1.7
<b>TOTAL EQUITY</b>		0.0	73.9	1.7
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred income tax liabilities		0.0	0.0	0.0
Other non-current liabilities		0.0	0.0	0.0
<b>Total non-current liabilities</b>		0.0	0.0	0.0
<b>Current liabilities</b>				
Debt to related parties		0.0	0.0	0.0
Other current liabilities		0.0	0.0	0.0
Total current liabilities		0.0	0.0	0.0
<b>TOTAL LIABILITIES</b>		0.0	0.0	0.0
<b>TOTAL EQUITY AND LIABILITIES</b>		0.0	73.9	1.7

Oslo, Norway, 16 April 2024

The Board of Directors of Hermana Holding AS.



Erik Sneve, Chairman



Torstein Sanness, Board Member



Hilde Ådland, Board Member



Bård Olsen (Daglig leder og CFO)

## CARVE-OUT CHANGES IN EQUITY

The table below sets out a summary of the changes in equity information for the years ended 31 December 2023, 2022, and 2021 extracted from the Carve-out Combined Financial Statements.

NOK million	Contributed equity and retained earnings	Total equity
Equity as of 1 January 2023	73.9	73.9
Total comprehensive income for the period	4.9	4.9
Changes in parent's investment*	-78.8	-78.8
Equity as of 31 December 2023	0.0	0.0

NOK million	Contributed equity and retained earnings	Total equity
Equity as of 1 January 2022	1.7	1.7
Total comprehensive income for the period	64.0	64.0
Changes in parent's investment*	8.2	8.2
Equity as of 31 December 2022	73.9	73.9

NOK million	Contributed equity and retained earnings	Total equity
Equity as of 1 January 2021	16.3	16.3
Total comprehensive income for the period	13.0	13.0
Changes in parent's investment*	-27.6	-27.6
Equity as of 31 December 2021	1.7	1.7

\*Carve-out adjustments recognized during the period reflect contributions from Magnora ASA to Hermana Holding Group which are not settled and do not generate intercompany positions between the companies. These positions are recognized in equity as contributions to and from the parent and are presented as changes in parent's investment. See note 2 Basis of preparation for further information about carve-out adjustments and note 12 for specification of components of the net transfers.

## CARVE-OUT CASH FLOW STATEMENTS

NOK million	Note	2023	2022	2021
Cash flow from operating activities				
Profit/(loss) before tax		6.3	82.1	15.1
<b>Change in working capital:</b>				
Change in other current financial assets		0.0	0.5	13.3
Trade and other receivables		73.9	-72.7	1.3
Trade and other payable		0.0	0.0	0.0
Change in debt to related parties		0.0	0.0	0.0
<b>Cash flow from operating activities</b>		<b>80.2</b>	<b>9.8</b>	<b>29.7</b>
<b>Cash flow from investing activities</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Net contribution from parent	12	-80.2	-9.8	-29.7
<b>Cash flow from financing activities</b>		<b>-80.2</b>	<b>-9.8</b>	<b>-29.7</b>
Net cash flow		0.0	0.0	0.0
Cash and cash equivalent at the beginning of the period		0.0	0.0	0.0
Cash and cash equivalent at the end of the period		0.0	0.0	0.0

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: CORPORATE INFORMATION AND GROUP STRUCTURE

#### **BACKGROUND:**

Magnora Legacy Holding AS (previously named Project Tripartite 3 AS) was incorporated 23 August 2023 as a subsidiary of Magnora ASA. Prior to the on-going process of listing the company on the Oslo Stock Exchange, Magnora Legacy Holding AS was converted into a public liability company and renamed Hermana Holding ASA as the holding company of the Hermana Holding group.

The Group's business activity will after a planned demerger consist of holding, managing and operating a license agreement transferred from Magnora ASA, which was established during the period Magnora ASA operated in the oil and gas industry. In addition, the Group will continue to invest available funds from its cash assets and revenues from the licensing business. In previous years the investments have been focused on marketable securities and derivatives in various markets, which will now instead be focused on royalties and revenue streams. During 2022 and 2023, there were less activities related to investments in securities and derivatives, as the renewable business had grown and required significant funding, leaving less flexibility for additional investments.

The historical background of the Magnora Group's original business consisted of the design and construction of cylindrical vessels known as floating production, storage and offloading units (FPSOs) and drilling vessels. In 2018, Magnora sold its patents and related technology rights linked to the FPSO business but retained the right to use the technology under two existing agreements for two FPSOs, 1) Western Isles FPSO and 2) Shell Penguins FPSO, one of which was already in operation and another under construction. Magnora ASA currently receives royalties from Dana Petroleum Limited and Neo Energy Petroleum Limited as payment for licensing out the patents and related technology rights. The amount of royalty payments varies depending on the level of production and offloading of the Western Isles FPSO owned and used by the license holder. The business associated with the License Agreement is currently operated by Magnora. Prior to the expansion into the renewable business in 2020, Magnora's original business was the maintenance and development of its FPSO, license and royalty business, combined with investments in marketable securities and derivatives in various markets.

Magnora is in the process of carving out the license business, and has in 2024 transferred the license agreement with Dana Petroleum into an existing and wholly owned subsidiary, Project Tripartite 2 AS. The carve out was implemented by means of a demerger of Magnora, where the license business was transferred to Project Tripartite 1 AS (a wholly owned subsidiary of Magnora). Subsequently, a triangular merger took place where Project Tripartite 1 AS was merged with Project Tripartite 2 AS, with Magnora issuing consideration to the shareholders by increasing the nominal value of their shares in Magnora. Following this process, the license business is from April 2024 owned by Project Tripartite 2 AS, which is a wholly owned subsidiary of Magnora.

The purpose of carving out the license business into another entity is to separate the income related to oil production into a stand-alone business model, which will also make Magnora (subsequent to the spin-off of the license business as described below) more attractive for investors whose investment mandates are limited to renewable energy companies. Some investors are also likely to have different appetites for Magnora's fast-moving and high-growth renewables business which contrasts to the long-term, predictable, and low-risk license business.

The next step of the carve-out is that 70% of the shares in Project Tripartite 2 AS will be transferred from Magnora ASA to Hermana Holding ASA in a second demerger expected to be finalized in June 2024. As a result of the spin-off demerger, the share capital in Magnora will be reduced, and the shareholders in Magnora will receive shares in Hermana Holding ASA upon completion of the spin-off demerger. Shareholders of Magnora will receive shares in Hermana Holding ASA which will ultimately correspond to 70% of the total number of shares in Hermana Holding ASA. Magnora's remaining 30% shareholding in the Project Tripartite 2 AS will after the demerger (but before the listing of Hermana Holding ASA) be contributed as a contribution in-kind into Hermana Holding ASA. After the contribution in-kind, Magnora will own 30% and the other shareholders will own 70% of Hermana Holding ASA, respectively, and Hermana Holding ASA will own 100% of the shares in Project Tripartite 2 AS (the entity that Magnora has transferred the license agreement with Dana Petroleum to).

After the spin-off demerger is completed, Hermana Holding ASA aims to be listed on Oslo Stock Exchange, alternatively on Euronext Expand, to achieve liquidity (of the share trading) for the public shareholders owning 70% of the company. Magnora will for the avoidance of doubt remain listed as a renewable energy company. Thus, Magnora will effectively have distributed 70% of its shareholding in Hermana Holding ASA (which again holds the license business) to Magnora's shareholders.

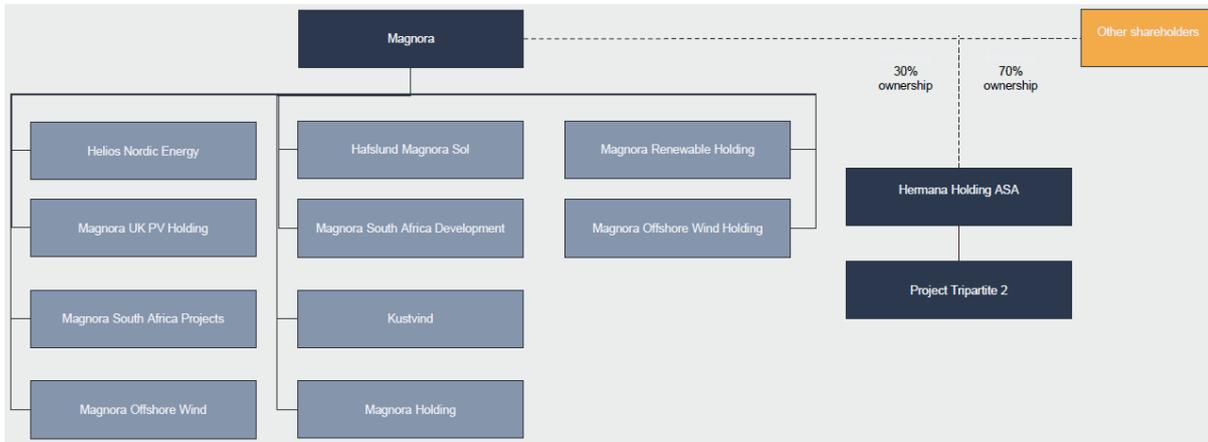
The demerger (reorganization) is carried out with tax continuity for Norwegian tax purposes pursuant to the provisions in Chapter 11 of the Norwegian Taxation Act. Furthermore, the demerger is carried out with accounting continuity, so that book values of Magnora's assets and rights and obligations relating to the license business and transferred to Hermana Holding ASA are continued without any other changes than the transfer of ownership.

In summary, Hermana Holding ASA is currently a wholly owned subsidiary of Magnora ASA, and the license business which includes the license agreement with Dana Petroleum will be owned by Project Tripartite 2 AS, which will be a wholly owned subsidiary of Hermana Holding ASA when the merger is finalized in June 2024.

After completion of the demerger of Hermana Holding ASA and the contribution in-kind, Hermana Holding ASA will have achieved the following:

- (i) cease to be a wholly owned subsidiary of Magnora,
- (ii) be owned 70% by the current shareholders of Magnora ASA and 30% directly by Magnora ASA,
- (iii) become the parent company of the Hermana Group
- (iv) become the sole owner of the shares in Project Tripartite 2 which holds the license business including the license agreement with Dana Petroleum (E&P) Limited.

Please see the group structure after the demerger in the chart below:



The below table sets out the Hermana Holding Group structure after completion of the demerger and contribution in kind:

Group structure				
Legal entity	Share-holding	Voting rights	Country of incorporation	Description
Hermana Holding ASA			Norway	Parent company
Project Tripartite 2 AS	100%	100%	Norway	Owner and operator of the License Business

As described in note 2, the Group believes the preparation of carve-out financial statements are useful to financial statement users in assessing the historical results of the Hermana Holding business, being management of the licensing business and investments in securities and derivatives. Note that the investment activities are going forward intended to be focused on royalty and similar revenue streams. The financial statements will also be useful when Hermana Holding ASA issues the annual report for 2024 as a listed company.

The Group will be a public limited liability company incorporated and domiciled in Norway. The Group is currently 100% owned and operated by Magnora ASA, however, the Group is in the process of being listed on the Oslo Stock Exchange and will have its own management and investment team after an initial growth phase. The address of its registered office is Karenslyst Allé 6, 0278 Oslo. These carve-out financial statements were approved by the Board of Directors on 16 April 2024.

## NOTE 2: BASIS FOR PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

### *BASIS FOR PREPARATION OF CARVE-OUT FINANCIAL STATEMENTS*

Historical consolidated financial information for Hermana Holding ASA is not available until the Transactions are completed and the Hermana Holding Group is formed. Hence, in connection with the potential listing of Hermana Holding ASA, carve-out financial statements have been prepared. The carve-out financial statements were prepared by carving out the historical results of operations and carrying amounts of assets and liabilities of the legacy business.

The carve-out financial statements have been prepared to present the historical results and carrying amounts of assets and liabilities of the Hermana Holding's business as of 31 December 2023, 2022, and 2021, as previously presented in Magnora ASA's consolidated financial statements.

The demerger steps, as described above, were completed after the reporting date 31 December 2023, and are therefore not included in these carve-out financial statements. Consequently, the new Hermana Holding Group with Hermana Holding ASA as parent was not established at the reporting date 31 December 2023.

The carve-out financial statements have been prepared on the assumption that the Group is a going concern.

IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1) has been applied. The date of transition was 1 January 2021. The adoption of IFRS 1 had no significant impact on the financial position, financial performance, and cash flows of Hermana Holding ASA, as it previously was part of the Magnora ASA Group which already applied IFRS.

#### *PREPARATION OF THE CARVE-OUT FINANCIAL STATEMENTS*

Through various steps, Magnora ASA is in process of and will by June 2024 have transferred its licensing business to a subsidiary, Project Tripartite 2 AS, which in turn will be transferred to Hermana Holding ASA through a demerger and contribution in kind. Prior to the demerger and carve-out process, the license business was a part of Magnora ASA and not organised in a separate legal entity.

The Group believes the preparation of carve-out financial statements are useful to financial statement users in assessing the historical results of the Hermana Holding business, being management of the licensing business and investments in securities and derivatives. Note that the investment activities are going forward intended to be focused on royalty and similar revenue streams. The financial statements will also be useful when Hermana Holding ASA issues the annual report for 2024 as a listed company.

While the preparation of carve-out financial statements may produce similar results as if the Hermana Holding business had been consolidated for all periods presented, IFRS does not explicitly provide for the preparation of carve-out financial statements. Thus, the historical results of operations, financial position, and cash flows of the Hermana Holding Group may not be indicative of what they would have been had the carve-out Hermana Holding Group been a separate independent stand-alone group. The historical results as described above may also not be indicative of what the Group's results of operations, financial position and cash flows may be in the future.

For Hermana Holding ASA, as the acquirer, the restructuring is not a business combination and, consequently, it is not a reverse acquisition as defined in IFRS 3. The demerger is therefore accounted for as a 'capital restructuring', with analogy of the guidance in IFRS 3 on reverse acquisition. The transferred interests, assets, and liabilities have therefore been accounted for at their historical carrying amounts recognised in Magnora ASA Group, as if the reorganisation occurred at the beginning of the earliest period presented.

The Group consists of ownership interests, assets and liabilities that have historically been under common control of Magnora ASA for all periods presented. The Group's carve-out financial statements have been prepared based on historical revenue and cost.

#### *STATEMENT OF COMPLIANCE*

These special purpose carve-out financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as adopted by the European Union (IFRS) for the periods presented and the carve-out basis as described below.

IFRS 10 requires the parent company, Hermana Holding ASA, to control its subsidiary at the end of the reporting period to prepare consolidated financial statements. Hermana Holding ASA did not obtain such control until March 2024, and IFRS 10 has therefore not been applied. IFRS provides no guidance for the preparation of carve-out financial statements. Following IAS 8.12 and industry practice, the predecessor accounting approach has been applied in the carve-out financial statements of the Hermana Holding Group. The carve-out financial statements of Hermana Holding Group reflect the Magnora ASA license business included in the IFRS consolidated financial statement of Magnora ASA Group. Hermana Holding Group applies the same accounting policies and measurement principles in preparing the carve-out financial statements as used by the Magnora ASA Group.

### *BASIS FOR ALLOCATION OF INCOME, EXPENSES, ASSETS AND LIABILITIES*

Preparation of the carve-out financial statements has required certain allocations of expenses and related balance sheet items that Magnora ASA Group had previously not charged or allocated to the licensing business as this was directly owned by Magnora ASA and reported as part of the corporate segment. The principles and reasons for these allocations are described below. Management believes the principles used in preparing the financial statements are reasonable. As a separately listed entity, Hermana Holding ASA will incur additional administrative expenses in the future. The financial statements may not be indicative of future performance.

#### *Basis of consolidation*

The financial statements include the license business that will be controlled by Project Tripartite 2 AS after the first demerger transaction completed in April 2024. Control is achieved when Hermana Holding ASA has power over the investee (Project Tripartite 2 AS), is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Hermana Holding ASA does not have any subsidiaries at the reporting date.

#### *Income*

The licensing income from the two licensing agreements have been allocated in accordance with actual revenues recognised from both licensing agreements during the reporting period. After 31 December 2023, only the revenues from the Dana Petroleum agreement will be recognised starting from the month of March 2024. Only the Dana Petroleum agreement was transferred to the Hermana Holding Group through the steps described above, as the other licensing agreement with Shell Penguins will soon be completed.

In addition to the licensing income, the Group had financial income in 2021 and 2022 from investments in marketable securities and derivatives in various markets. The CEO of Magnora ASA has more than 20 years of experience from investments in securities markets, and the Group had a portfolio of marketable securities during the first years after entered the company in 2019. The securities investment activity was significantly higher in 2020 before the renewable activities and investments required a larger part of the funds available in the Group.

#### *General administrative and overhead costs*

Magnora ASA provides management services to Hermana Holding ASA through a service level agreement, which started in first quarter 2024. The Magnora personnel providing services to Hermana Holding has been charged per hour based on timesheets from the time keeping system. Prior to the decision of restructuring the Magnora Group and establishing the legal entity that later was named Hermana Holding ASA, there was no separate time code for hours spent on securities investment activities and activities related to license agreements or other oil and gas related topics. The cost allocation for remuneration related expenses is therefore based on an estimate made by the CEO and CFO for how much time they have spent on license agreements and securities investments activities.

The investment-related activities include creating daily portfolio report with updated values for all shares held based on the share prices at the close of the markets the prior day. The investment related activities also involve daily research activities on various shares to identify undervalued shares to add to the portfolio.

The follow-up activities from the license business, include keeping in contact with Dana Petroleum to understand the development plans for the current oil field in order to have accurate revenue forecasts, verify production and offloading amounts with the UK Oil & Gas Authority to ensure the revenues received are accurate, following up with Dana when production and/or offloading numbers are reported lower than expected, renegotiate the licensing agreement for the Western Isles to be moved to a new oil field and change of ownership of the vessel, deal with disposal of interests in offshore installations that were entered into by Magnora ASA during its time as an Oil & Gas company, apply for tax exemption certificate and changes to existing ones when needed, follow up old tax cases from old projects or disposed vessels, and close down foreign subsidiaries used for FPSO construction projects.

Other general administrative and overhead costs related to Magnora ASA Group's corporate office have in the carve-out financial statements been allocated based on this same estimated percentage share. The percentage has been estimated at 30% of the total remuneration expenses for the CEO and CFO, which also include variable pay. Stock exchange listing expenses for Magnora ASA have also been allocated based on this same estimate. Insurance related costs consists of a professional indemnity insurance held for the licensing business liability exposures which is 100% allocated to Hermana

Holding ASA, and a Directors and Officers Liability insurance, which is allocated to Hermana Holding ASA based on the same 30% estimate. All office related costs have been assigned to Hermana Holding ASA on the same basis as all other companies in the Magnora Group, where each desk space is charged NOK 14 121 per month and based on the company having one desk space. This charge includes IT costs, parking, cafeteria, meeting rooms, office equipment, and office supplies. The listing related expenses, all insurance, and some other expenses directly related to Hermana Holding ASA will be procured directly and paid for by the Hermana Holding Group, which may drive some of these costs up in the future.

#### *Cash and cash equivalents*

Magnora ASA is transferring NOK 25 million to Hermana Holding ASA as part of the demerger transaction to ensure the Group has adequate working capital. As this takes place after the reporting date 31 December 2023, there is no cash balance as of 31 December 2023.

#### *Financing*

As part of Magnora ASA, Hermana Holding ASA is dependent upon Magnora for its working capital and financing requirements as Magnora uses a centralised approach to cash management and financing of its operations. Financial transactions relating to Hermana Holding ASA are accounted for through the Net parent investment account. Accordingly, none of Magnora's cash, cash equivalents or debt at the corporate level have been assigned in these carve-out financial statements. Net parent investment represents Magnora's interest in the recorded net assets of the Hermana Holding ASA. All significant transactions between Hermana Holding and Magnora have been included in these carve-out financial statements. See note 12 for further details.

#### *Trade and other receivables*

Trade and other receivables as of each year end consists of receivable license payments from Dana Petroleum and Shell Penguins.

#### *Income taxes*

Tax expenses comprise the tax expenses that would have been charged to Hermana Holding ASA based on the effective tax rate and the financial results of the Group during the reporting period. As Magnora has significant losses carried forward and deductible costs from the renewable business in Magnora, meaning there are no taxes paid, the allocation of tax expense is posted against equity.

Hermana Holding ASA will in 2024, as part of the demerger, receive a pro-rata share of losses carried forward based on the relative fair value of the business transferred. As these do not directly derive from the carve-out business, these losses are not allocated in the carve-out financial statements. Magnora ASA has approximately NOK 900 million in deferred taxes as of 31 December 2023, of which NOK 417.4 million will be allocated to Hermana Group after completion of the demergers in 2024.

#### *Equity and changes in Hermana Holding Group's share capital*

The business reflected in the financial statements has not been transferred as of 31 December 2023, and it is therefore not meaningful to present share capital or an analysis of changes in share capital between periods. However, within the statement of changes in equity, Hermana Holding ASA has presented "Contributed capital and retained earnings" which includes an analysis of the net equity impact of transactions with Magnora ASA Group including allocations made in preparing the financial statements. Total equity as of 1 January 2021 is equal to the net assets contributed by Magnora ASA to Hermana Holding at this date. Total equity comprises "Contributed capital and retained earnings".

#### *Statement of cash flows*

The statement of cash flow is prepared according to the indirect method. Cash and cash equivalents at the beginning of the periods presented were zero because there existed no legal entities during the reporting periods.

#### *Earnings per share*

Pro forma earnings per share information have been presented reflecting the expected number of shares of Hermana Holding ASA at the date of the listing on the Oslo Stock Exchange in 2024.

#### *Foreign exchange gain/ (loss)*

Foreign exchange gain/ (loss) in the carve out financial statements are based on actual figures from the transactions in foreign currency related to the Hermana Holding business.

## MATERIAL ACCOUNTING POLICIES

#### *Trade receivables*

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at transaction price according to IFRS 15 and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss (e.g., trade receivables). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision for impairment of trade receivables is recognised in the income statement as 'other operating expense'.

Hedge accounting has not been applied in 2023, 2022 or 2021.

The Group's financial assets at amortised cost include trade receivables and other short-term receivables. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

#### *Revenue recognition*

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group receives royalty in exchange for the license of intellectual property (design fees). The royalty received is recognised at the later of when:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all the sales-based or usage-based royalty has been allocated is satisfied

The royalty is based on production and offloading of oil barrels and the revenue is recognised as the offloading occurs.

#### *Foreign currency translation*

Amounts are presented in Norwegian Kroner (NOK), which is Hermana Holding ASA's functional currency, since it is the currency of the primary economic environment in which it operates. The headquarter is in Norway and all costs are in NOK. The revenues have historically been in dollar, but more of the revenues are expected to come from NOK and other currencies in the future. All values are rounded to the nearest million, except where otherwise indicated. The subtotals and totals in some of the tables in these carve-out combined financial statements may not equal the sum of the amounts shown due to rounding. Transactions in currencies other than the entity's functional currency are recognized by applying the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

## NOTE 3: FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group is exposed to market risk, credit risk, currency risk, interest rate risk, inflation risk, liquidity risk. The Company's overall risk management programme focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on its financial performance. The Group selects its portfolio projects and companies with emphasis on diversification to mitigate the various inherent risks in each segment of the renewable energy production industry. This does not reduce the individual risks below but makes the Group less vulnerable to the effects of those risks.

### MARKET RISK

#### *Interest rate risk*

Interest rate risk is the risk that a fair value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates.

The Magnora Group has over the past three years had limited debt on the balance sheet dates and has thus limited exposure to interest rate risk, and hence there is also limited interest rate risk for the carve-out part as well.

#### *Foreign exchange risk*

Currency risk is the risk that fluctuations in the exchange rate will lead to changes in the Group's income statement, statement of financial position or cash flows.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD as all operating revenues are in USD. Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities, and net investments in foreign operations when such transactions, assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's revenue. Any annualised increase or decrease in the USD/NOK foreign exchange by 10 percent would have increased or decreased the Group's 2023 profit before tax by NOK 1.03 million (2022: NOK 8.73 million, 2021: NOK 1.38 million).

### CREDIT RISK

Credit risk arises from credit exposure to customers and is limited due to the only customer of the Group is one of the larger oil and gas producers on the UK continental shelf. Once the Group starts investing in royalty agreements, there will also be credit risk associated with those agreements. The Group will, as Magnora Group, have one main banking relationship with a financial institution that is currently rated Aa3.

### LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions.

The Group has implemented routines to continuously update its cash flow forecast with changes to main assumptions relating to payment schedules, license milestone payments etc. and to be able to foresee the necessary actions required to rectify any potential adverse effects on its future liquidity position.

The Group is subject to currency, field development and reservoir risk in situations where the license fee is tied to the field development and production such as the Dana license fee income paid in USD. The Group also relies heavily on one customer, Dana Petroleum/NEO, for most of its operating revenues over the next years.

The Group derives all its cash flow from two license agreements.

The license income limits the Group's access to capital.

At the balance sheet date, the Group has no borrowings, and Trade receivable a mature within a normal 30-day cycle, except for some receivables and liabilities towards the group companies.

There were no significant overdue receivables as of 31 December 2023.

#### COVENANTS

The Group has no covenants.

#### CAPITAL MANAGEMENT

For the Group's capital management, capital means total equity and cash balance. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital through budgeting and cost monitoring.

The Group has exercised conservative capital and cash management during 2021, 2022 and 2023. A sound financial position, with limited interest-bearing debt and an asset light balance sheet reduces the capital and cash management risks.

#### CLIMATE CHANGES

The Group has limited physical assets, other than IT and office equipment. Financial loss due to climate change is considered low.

#### NOTE 4: ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are assumed to be reasonable under current circumstances.

The carve-out financial statements include estimates for cost allocations and taxes as set out in Note 2.

#### NOTE 5: SEGMENT INFORMATION

The Group has license revenues from license agreements related to two FPSOs. These license agreements are followed up by the chief operating decision manager as one operating segment as they have similar economic characteristics. In Magnora Group they were part of the corporate segment.

#### NOTE 6: FINANCIAL INSTRUMENTS BY CATEGORY

Accounting principles for financial instruments were applied to the line items below as indicated:

*Financial assets*

<b>NOK million</b>				
<b>Category:</b>	<b>Asset:</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Financial assets at amortised cost	Trade receivables	0.0	73.9	1.2
<b>Total financial assets</b>		<b>0.0</b>	<b>73.9</b>	<b>1.2</b>

#### Fair Value Estimation

Management has determined that the fair values of trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

#### NOTE 7: CREDIT QUALITY TRADE RECEIVABLES AND ACCRUED INCOME

The credit quality of trade receivables that were neither past due nor impaired was assessed by reference to external credit ratings (where available) and by analysis of historical information about counterparty default rates:

##### Trade receivables

NOK million	2023	2022	2021
No external rating	0	0.0	1.2
AA-	0	73.9	0
<b>Total trade receivable and accrued income</b>	<b>0</b>	<b>73.9</b>	<b>1.2</b>

#### NOTE 8: TRADE AND OTHER RECEIVABLES

##### Specification of trade and other receivables

NOK million	2023	2022	2021
Trade receivables	0	0	0
Loss allowance	0	0	0
Accrued income*	0	73.9	1.2
<b>Trade and other receivables</b>	<b>0</b>	<b>73.9</b>	<b>1.2</b>

\*Mainly related to milestone payments from Shell Penguins FPSO for 2022. Payment received in Q1 2023.

#### NOTE 9: CASH AND CASH EQUIVALENTS

##### Specification of cash

NOK million	2023	2022	2021
Cash at bank and in hand	0	0	0
<b>Total cash and cash equivalents</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Group will receive NOK 25 million in working capital from Magnora ASA as part of the demerger transaction. Magnora ASA will also transfer to Hermana Holding Group the last two milestone payments from Shell Penguins, totaling USD 8.6 million, when received.

#### NOTE 10: TAXES

##### Financial Reporting Principles

Income tax in the income statement consists of current tax and effect of change in deferred tax positions. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

##### Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date that will be paid during the next 12 months. Current tax also includes any adjustment of

taxes from previous years and taxes on dividends recognized in the year. There is no estimated current tax for the carve-out business as the tax carry forward in the Magnora Group will offset the taxes.

#### Deferred Tax

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences. The deferred tax asset is only recognized to the extent it is considered probable that future taxable profits will be available to utilize the credits.

#### Judgements and Estimates

Income tax for the carve-out financial statement periods was based on the expected tax charges that would have been reported had Hermana Holding been an independent group. This assumption is not necessarily representative of the tax charges that would have been reported had Hermana Holding been an independent group and is not representative of the income tax charges that may arise in the future.

Specification of booked deferred tax assets/ (liabilities):

(NOK million)	2023	2022	2021
<b>Net deferred tax (liabilities) recognised in the balance sheet</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Reconciliation of deferred tax assets:</b>			
Book value 1 January	0.0	0.0	0.0
Income statement charge relating to deferred tax assets	-1.4	-18.1	-2.1
Deferred tax asset not recognised in the balance sheet charged to Magnora ASA	1.4	18.1	2.1
<b>Book value 31 December</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Specification of deferred tax assets/ (liabilities) booked and not booked:

(NOK million)	2023	2022	2021
<b>Deferred tax assets:</b>			
Losses carry forward	0.0	0.0	0.0
<b>Deferred tax assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

#### Reconciliation between nominal and actual tax expense rate:

(NOK million)	2023	2022	2021
<b>Net income before tax</b>	<b>6.3</b>	<b>82.1</b>	<b>15.0</b>
<b>Expected income tax using the nominal tax rate (22%)</b>	<b>1.4</b>	<b>18.1</b>	<b>3.3</b>

Tax effects of the following items:

Non-taxable income	0.0	0.0	-1.2
Income tax expense	1.4	18.1	2.1
Effective tax rate	22%	22%	14%

**NOTE 11: FINANCIAL INCOME**

Financial income:

<b>NOK million</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Interest income	0	0	0
Gains from investments in marketable securities	0	0.8	22.1
<b>Total financial income</b>	<b>0</b>	<b>0.8</b>	<b>22.1</b>

Financial expense:

<b>NOK million</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Interest cost	0	0	0
Losses from investments in marketable securities	0	0	-16.5
<b>Total financial expense</b>	<b>0</b>	<b>0</b>	<b>-16.5</b>

Foreign exchange gain/(loss)

<b>NOK million</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Foreign exchange gain	3.2	0.3	0.2
Foreign exchange loss	-0.1	-1.2	-0.1
<b>Net foreign exchange gain/ (loss)</b>	<b>3.1</b>	<b>-0.9</b>	<b>0.1</b>

**NOTE 12: RELATED PARTY TRANSACTIONS**

There are no related party transactions during the reporting periods. However, the management agreement between Magnora ASA and Hermana Holding ASA established in 2024 will create related party transactions between the two entities. See note 2 for details regarding cost allocations during the carve-out reporting period.

Intercompany transactions between Hermana Holding Group and Magnora ASA have been included in these carve-out financial statements and are forgiven at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the statement of cash flows as financing activity and in the balance sheet as parent's investment. The components the net transfer to and from Magnora ASA as of 31 December 2023, 2022, and 2021 are as follows:

<b>NOK million</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Employee benefit expenses	5.1	3.2	3.2
Other operating expenses	2.1	1.8	1.2
Net finance loss/(gain)	-3.1	0.1	-5.7
Distribution of operating revenue	-84.2	-15.0	-28.5
<b>Net contribution from parent</b>	<b>-80.2</b>	<b>-9.8</b>	<b>-29.7</b>
Income tax expense	1.4	18.1	2.1
<b>Net decrease in Parent company investment</b>	<b>-78.8</b>	<b>8.2</b>	<b>-27.6</b>

**NOTE 13: REVENUE**

Operating revenue consisted of royalty income from the Dana Western Isles FPSO and the Shell Penguins FPSO. Royalty from the Dana Western Isles FPSO constitutes 100% of total operating revenue in 2023, 15% in 2022 and 100% in 2021. The remaining revenue in 2022 was related to a milestone payment from the Shell Penguins FPSO.

<b>NOK million</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
License fee	10.3	87.3	13.8
<b>Total operating revenue</b>	<b>10.3</b>	<b>87.3</b>	<b>13.8</b>

Operating revenue from a geographic perspective:

The revenue split, based on customer location was as follows:

NOK million	2023	2022	2021
UK	10.3	87.3	13.8
<b>Total operating revenue</b>	<b>10.3</b>	<b>87.3</b>	<b>13.8</b>

#### NOTE 14: OTHER OPERATING EXPENSE

Allocated costs as described in note 2:

(NOK million)	2023	2022	2021
Office cost (rental etc)	0.2	0.2	0.2
Consultancy (audit, tax and legal)	1.2	1.0	0.5
Travel expenses	0.0	0.0	0.0
Other	0.7	0.7	0.5
<b>Total other operating expense</b>	<b>2.1</b>	<b>1.8</b>	<b>1.2</b>

#### NOTE 15: MARKETABLE SECURITIES

No marketable securities were sold or held in 2023. In accordance with authorisation from the Board of Directors, Magnora sold marketable securities during 2022 with a net gain of NOK 0.8 million and in 2021 with a net gain of NOK 5.6 million.

#### NOTE 16: INTEREST IN OTHER ENTITIES

*Companies included in the carve-out financial statements:*

The carve-out financial statements include the following legal entities (the "Hermana Holding business") per the reporting date. All legal entities were incorporated during 2024. The activities were prior to 2024 part of Magnora ASA, before they were carved-out into the separate legal entities. The Carve-out Group consists of ownership interests, assets and liabilities that have historically been under common control of Magnora ASA for all periods presented. See note 2 for further disclosures.

*Financial reporting:*

Principles Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

#### NOTE 17: PRO FORMA EARNINGS PER SHARE

The denominator in the calculation of pro forma basic EPS for each period presented is the number of shares issued at the effective date of the prospectus that includes these carve-out combined financial statements.

<b>Pro forma earnings per share for profit/(loss) attributable to the equity holders of the company during the year (NOK per share):</b>	2023	2022	2021
Basic	0.05	0.68	0.14
Diluted	0.05	0.68	0.14
Weighted average number of shares outstanding	93,931,178	93,931,178	93,931,178
Weighted average number of shares outstanding (diluted)	93,931,178	93,931,178	93,931,178

#### NOTE 18: SUBSEQUENT EVENTS

On 18 February 2024 an Extraordinary General Meeting approved the board's proposal for a reorganization related to the ownership of the licensing business and the demerger plan prepared by the boards of Magnora ASA. In the demerger specific assets, rights and obligations as described in the demerger plan, were transferred to Project Tripartite 1 AS by the shareholders receiving consideration in the form of shares in Project Tripartite 1 AS. As part of the demerger the share capital was reduced by NOK 10,642,035.36.

In the same meeting a merger plan was approved, where Project Tripartite 1 AS the transferor company and Project Tripartite 2 AS the transferee company, was merged, and the merger consideration was issued by Magnora ASA. As part of the demerger the share capital was increased by NOK 10,642,035.36.

The demerger and merger were completed in April 2024.

Subsequent to completion of the mentioned demerger and merger in April 2024, a demerger receivable between Magnora ASA and Project Tripartite 2 AS of NOK 117.6 million will be converted to shares in Project Tripartite 2 AS.

After the above-mentioned steps, 70% of the shares in Project Tripartite 2 AS will be demerged from Magnora ASA and become a subsidiary of Herman Holding ASA.

To the Board of Directors of Hermana Holding ASA

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Carve-Out Financial Statements

#### *Opinion*

We have audited the carve-out financial statements of Hermana Holding ASA (the "Carve-Out Group"), which comprise the carve-out balance sheet as at 31 December 2023, 31 December 2022 and 31 December 2021, carve-out statements of comprehensive income, carve-out changes in equity and carve-out cash flow statement for the years then ended, and notes to the carve-out financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion:

The carve-out financial statements give a true and fair view of the financial position of the Carve-Out Group as at 31 December 2023, 31 December 2022 and 31 December 2021, and its financial performance and cash-flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Carve-out Financial Statements* section of our report. We are independent of the Carve-Out Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Emphasis of Matter – Basis of Preparation*

We draw attention to Note 2 to the carve-out financial statements, which describes their basis of preparation, including the approach to and the purpose for preparing them. The carve-out financial statements were prepared to meet the requirements in connection with Hermana Holding ASA's listing of shares on Oslo Stock Exchange, including the prospectus prepared in connection therewith. As the Hermana Holding ASA business has not operated as a separate entity, these carve-out financial statements are therefore not necessarily indicative of results that would have occurred if the business had been a separate standalone entity during the years presented or of future results of the business. Our opinion is not modified in respect of this matter.

#### *Responsibilities of Management for the Carve-Out Financial Statements*

Management is responsible for the preparation and true and fair view of the carve-out financial statements of the Carve-out Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of the carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, management is responsible for assessing the Carve-out Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The carve-out

financial statements of the Carve-out Group use the going concern basis of accounting unless management either intends to liquidate the Carve-out Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Carve-Out Financial Statements*

Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Carve-out Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Carve-out Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Carve-out Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the carved-out financial information of the entities or business activities within the Carve-out Group to express an opinion on the carve-out financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 16 April 2024  
Deloitte AS

**Lars Atle Lauvsnes**  
State Authorised Public Accountant (Norway)

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**Lauvsnes, Lars Atle**

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