HERMANA

First quarter 2025

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First quarter 2025

The quarter in brief

- On 4 February 2025, Shell UK Ltd. announced that it had restarted production at the Penguins field in the UK North Sea utilising the Shell Penguins FPSO. Hermana Holding ASA ("Hermana", "the Group") has a demerger receivable from Magnora, which is tied to these licensing rights. This "first oil" milestone triggered a USD 4.3 million payment to Magnora ASA for subsequent transfer to Hermana, representing half of the USD 8.6 million receivable Hermana has from Magnora. Hermana is entitled to another payment of USD 4.3 million when the Shell Penguins FPSO has produced its first 4 million barrels of oil.
- Hermana is also entitled to 50 cent per barrel that is produced and lifted off the Western Isles FPSO for the lifetime of the vessel. In early March, Dana Petroleum cancelled the agreement to transfer the Western Isles FPSO for use on the Buchan field. In March, the UK government launched an eight week consultation period on plans to replace the windfall tax on the profits of energy companies when it comes to an end in 2030. The Buchan Horst ("Buchan") joint venture's ability to recommit to the acquisition of the FPSO is naturally linked to the satisfactory conclusion of the on-going fiscal and regulatory consultations and completion of the required pre-handover works on the vessel. Irrespective of this, the Western Isles FPSO has potential use on any number of offshore fields globally. The Board believes it is very likely that the vessel will be re-marketed for other fields globally if not needed in the UK. Two similar vessels have been redeployed outside the UK during the last few years due to the superior performance and cost of these circular vessels and unique design.
- The Group plans to make additional investments with available funds from its cash assets and the demerger receivable. During Q1, the management team established a structured process for identifying and evaluating potential investment opportunities. The process includes screening of targets identified by active search and presented in incoming requests. Hermana established and maintained continuous contact with investment banks, other investors, the owners of growth companies, banks and other parties that are sources and discussion partners around opportunities that may meet Hermana's investment criteria. The Group has have been in dialogue with several highly interesting companies for our business strategy as reported during the IPO process. Further, The Group has had encouraging discussions with banks regarding some of these prospects.
- The Group had NOK 0.2 million in operating revenue during the first quarter 2025 (NOK 3.2 million in Q1 2024). Operating expenses for the quarter were NOK 1.3 million (NOK 1.5 million in Q1 2024), mainly consisting of support services from Magnora ASA. Annual operating expenses have been forecasted at NOK 7.5-10 million and may be reduced if revenues are delayed and activity level is low.
- The Group plans to make additional investments with available funds from its cash assets and funds to be received from the demerger receivable.
- As of 31 March 2025, cash and cash equivalents was NOK 14.5 million (NOK 2.6 million in the same quarter last year). Cash generated from operating activities was negative NOK 2.1 million. There were no investments made or financing acquired during the quarter.
- As of 31 March 2025, the equity ratio was 100% (99% same quarter last year). The Group has no debt, and total assets are NOK 113.8 million (NOK 5.4 million same quarter last year).

Subsequent events

- There have been no significant events after the reporting period.

Outlook

- The Group will receive USD 4.3 million during Q2 2025 from the reached "first oil" milestone and expects to receive another USD 4.3 million from the remaining demerger receivable related to the Shell Penguins FPSO from Magnora ASA in Q3 2025.
- The Western Isles FPSO remains a very versatile asset. The circular design of the Western Isles FPSO had a design lifetime of 20 years at the time of installation in 2017 and the hull has a design life of approx. 30-50 years. It has a storage capacity of 400,000 barrels of oil (bbls) and an oil production capacity of 44,000 barrels of oil per day (bopd). The Western Isles features 17 riser slots and can offload at a rate of 3500m^3/hour.
- Due to good motion characteristics of the vessel, it experiences little fatigue and has a very long-life expectancy compared with ship shaped FPSOs. There is no turret and swivel system since it is geostationary, it has flexibility for future tie-ins providing significant capex and operating cost savings as there is no need for weather waning by diesel engine.
- Management continues to evaluate investment opportunities in accordance with the Group's capital allocation strategy, with a focus on value-accretive deployment of available funds.
- The Group utilises hired-in management services with flexible engagement levels to maintain cost efficiency and allow adaptation to operational needs and workload.

About Hermana Holding

Hermana is an investment and royalty company listed on the Oslo Stock Exchange since June 2024, having evolved from the legacy business of Sevan Marine ASA and Magnora ASA. Sevan Marine ASA ("Sevan Marine") designed FPSOs – floating production, storage and offloading – for the offshore oil and gas industry. Sevan Marine's business was sold to SembCorp Marine in 2018, but two licence agreements remained with Sevan Marine alongside the company's deferred assets. The licence agreement for the Western Isles FPSO is expected to provide future revenues for Hermana for more than two decades. This agreement gives Hermana the right to USD 0.5 per barrel of oil produced and offloaded from the Western Isles FPSO during its lifetime. Hermana also has outstanding payments to be received from Magnora ASA for the demerger receivable tied to the Shell Penguins FPSO agreement, where there are two remaining milestone payments are achieved.
Hermana has a pragmatic and opportunity driven approach to the capital allocation of the proceedings from the royalty agreement. The company has a structured process for evaluating opportunities with the objective of generating further shareholder value. Capital-allocation options are mainly (a) additional royalty investments, (b) equity investments in non-listed companies, (c) transformational deal with another company, and/or (d) returning excess cash to the shareholders – of which equity investments in the Nordic region is currently seen as the most relevant. Hermana will only grow where the expected

return on capital is favourable. Any return of capital to shareholders will be in the form of repayment of paid-in capital.

Risk and uncertainty

Hermana Holding ASA with its subsidiary Western Isles Holding AS ("the Group") is exposed to various types of risks, such as climate risk, regulatory/ political risk, tax risk, inflation risk, currency risk, project risk, reservoir risk, counterparty risk, concentration risk, market risk, liquidity risk, credit risk, key-personnel risk, compliance risk, and asset-integrity risk. The Group's overall risk management focuses on the most material uncertainties and seeks to minimise potential adverse effects on the Group's performance.

Both physical and transitional climate risk is significant. The global climate is changing, and the average temperature is predicted to rise globally, causing more extreme weather conditions, and impacting habitat. The Group's income is today mainly from the oil and gas industry. Physical climate risk concerns potential operational difficulties due to more harsh weather, although an FPSO can operate in most conditions. Transitional climate risk is related to changes in the regulatory environment that affect the Group's operations and performance. Such regulatory risk can be potential changes in tax policies and energy policies or other industry-specific changes in the regulatory environment that could affect the royalty revenue or have other impacts on the Group. Changes in licensing and permissions practices can for instance cause delays in development and construction of projects. Government policies can potentially make production of oil and gas unprofitable. One risk-mitigating aspect of an FPSO compared to a bottom-fixed platform is that an FPSO can quite easily be towed to another location in case it should not be needed or profitable on its current location. Also, the Western Isles FPSO will according to Jersey Oil and Gas be modified to be electrification ready.

The Group is also exposed to inflation risk, mainly for revenues that are not inflation-adjusted, which is the case for the Group's current FPSO agreements. For the Western Isles FPSO, Hermana receives 0.5 USD per barrel of oil produced. Higher inflation will lower the attractiveness of such a cashflow relative to inflation-adjusted alternatives. High inflation may also cause high interest rates which could reduce the value of such a cashflow. A risk-mitigating effort can be to prioritise that future contracts and investments are inflation-adjusted or in other ways resilient with regards to inflation.

Licence fees paid in currencies other than NOK, like the FPSO licence fee paid in USD, represents currency risk. The exchange rate fluctuate in both directions, and is just as much an opportunity for gain as a risk of loss. The Group is also exposed to project and reservoir risk as the FPSO licence fee is tied to actual oil and gas production, with uncertainty of both volume and timing. Production start of the Western Isles FPSO is difficult to estimate based on the information available to the Group. Also, progress may depend on UK taxes and incentives for the oil and gas industry. Another relevant risk is counterparty risk, impacted by the financials and operations of the FPSO owner/operator. With customers and suppliers in general, there is a risk that unforeseen financial difficulties on the counterparty's side may arise which could have material adverse effects on the cash flows and the financial condition of the Group.

Since the Group only has one contract, the Western Isles FPSO agreement represents significant concentration risk until additional investments are made. The planned mitigation of these risks is to diversify the investment portfolio. Also, market risk is relevant for the Western Isles FPSO agreement, and concerns demand and supply, competitive landscape and competitiveness, price and cost levels, and resulting profitability. Market risk is also related to the regulatory risk and several other risk factors mentioned above. It demands thorough analyses of industries, market conditions and specific investments – both before investment decisions and continuously after investments are made. Adequate portfolio management includes frequent evaluations of market exposure and outlook, and to mitigate risk by adjusting the portfolio.

The Group is exposed to liquidity risk and variable access to capital. This is managed through dialogue with financial institutions and a strict timeline for cash flow that matches possible future investments with revenues. If the Group chooses debt as a source of financing, credit risk will become relevant. So far, the business is all equity based, but debt will be evaluated going forward along with a growing portfolio and increasing revenues.

The Group is subject to key personnel risk as it operates with a staff of specialised professionals, currently shared with Magnora ASA, that may take time to replace if needed. Mitigation of this risk is a management agreement securing adequate resources to the Group, and an ongoing process of identifying outsourcing alternatives and potential recruitment to cover the resource needs of the Group. A pandemic or similar could affect the Group's operations and revenues for a period, for instance if FPSO crew is dismissed due to infection risk.

The Group also has risks related to failure of maintaining ethical business conduct. This concerns business partnerships and relations, for existing and new business. Failure to comply with laws, regulations and internal guidelines may harm society and the environment, jeopardise business relations, contracts, permits, employee loyalty, reputation, trust and future market access, and lead to legal processes. The probability of breach is considered low, but consequences could be large. Hermana has zero tolerance for corruption, bribery, money laundering and other behaviour not compliant with laws and regulations.

Asset integrity risk is also increasingly relevant for the Group. The Western Isles FPSO's production of oil and gas, and thus revenues to the Group's, can be influenced by outside factors concerning security and the vessel's ability to operate, such as conflicts, wars, sabotage, cyberattacks, and global logistics challenges. Considerations regarding such risks, and a good understanding of geopolitical and technological developments, are important both for the Western Isles FPSO and for future investments.

Overall, the Group is exposed to many risks, which it monitors and seeks to mitigate on both investment and group level. To continue growing and be profitable, the Group will selectively accept risks in order to realise rewards, but the risks which have no rewards are if possible avoided. Each member of the Hermana team has a risk mindset and pays close attention to relevant risks, as well as the processes and controls implemented to mitigate.

The Hermana share

As of the date of this report, the Group does not own any of its own shares. The Group has 13,418,740 shares outstanding as of 31 March 2025.

Oslo, Norway, 24 April 2025
The Board of Directors of Hermana Holding ASA

Erik Sneve
Chairman

Hilde Ådland
Board member

Torstein Sanness
Board member

Nina Skage
Board member

Lars Ørving Eriksen
Board member

Stein Bjørnstad
CEO

Interim condensed consolidated financial statements

Interim consolidated statement of profit and loss

NOK million	Note	Q1 2025	Q1 2024	2024
Operating revenue	3	0,2	3,2	3,9
Other operating expense	5	-1,3	-1,5	-13,1
EBITDA		**-1,1**	**1,7**	**-9,2**
Operating profit/(loss)		**-1,1**	**1,7**	**-9,2**
Foreign exchange gain/(loss)		-6,9	0,0	10,2
Net financial items		**-6,9**	**0,0**	**10,2**
Profit/(loss) before tax		**-8,0**	**1,7**	**0,9**
Tax income/(expense)		0,0	0,0	0,9
Net profit/(loss)		**-8,0**	**1,7**	**1,7**
Net profit/(loss) attributable to:				
Equity holders of the parent		-8,0	1,7	1,7
Non-controlling interests		-	-	-
Earnings per share (NOK):				
- Basic		-0,60	0,025	0,13
- Diluted		-0,60	0,025	0,13
Weighted avg. no. of ordinary shares outstanding		13 418 740	66 822 679	13 418 740
Weighted diluted avg. no. of ordinary shares outstanding		13 418 740	67 249 517	13 418 740

Interim consolidated statement of comprehensive income

NOK million	Q1 2025	Q1 2024	2024
Net profit/(loss)	-8,0	1,7	1,7
Other comprehensive income			
Items which may be reclassified to profit/(loss)			
Foreign currency translation	0,0	0,0	0,0
Total comprehensive income	**-8,0**	**1,7**	**1,7**
Total comprehensive income attributable to parent equity holders	**-8,0**	**1,7**	**0,0**

Interim consolidated statement of financial position

NOK million	Note	31.03.2025	31.12.2024
ASSETS			
Deferred tax assets	2	7,8	7,8
Total non-current assets		**7,8**	**7,8**
Trade and other receivables	4, 6	91,6	98,0
Cash and cash equivalents	6	14,5	16,6
Total current assets		**106,0**	**114,6**
Total assets		**113,8**	**122,4**
EQUITY AND LIABILITIES			
Share capital		13,4	13,4
Other equity		100,1	108,1
Total equity		**113,5**	**121,5**
Total non-current liabilities		**-**	**-**
Trade payables		0,4	0,3
Other current liabilities		0,0	0,6
Total current liabilities		**0,4**	**0,9**
Total liabilities		**0,4**	**0,9**
Total equity and liabilities		**113,8**	**122,4**

Interim consolidated statement of changes in equity

NOK million	Note	Share capital	Other equity	Total equity
Equity as at 1 January 2025		13,4	108,1	121,5
Total comprehensive income for the period		0,0	-8,0	-8,0
Equity as at 31 March 2025		**13,4**	**100,1**	**113,5**
Equity as at 1 January 2024		-	-	-
Total comprehensive income for the period		-	1,7	1,7
Capital increase		1,0	-	1,0
Contribution in kind[1]		2,9	32,4	35,3
Capital decrease		-1,0	-	-1,0
Capital increase demerger from Magnora ASA		6,7	77,7	84,4
Bonus issue[2]		3,9	-3,9	-
Equity as at 31 December 2024		**13,4**	**108,1**	**121,5**

[1] 100% of the shares in Western Isles Holding AS were contributed by Magnora ASA as part of the demerger. See the 2024 Annual Report for further details.

[2] The Group's share capital was increased by NOK 3.9 million immediately after completion of the share consolidation by transfer of NOK 3.9 million from the Group's unrestricted equity to the Group's share capital.

Interim consolidated statement of cash flow

NOK million	Note	Q1 2025	Q1 2024	2024
Cash flows from operating activities				
Profit/(loss) before tax		-8,0	1,7	0,9
Unrealised effects included in operating profit/(loss)		6,9	0,0	-10,2
Changes in net working capital		-1,0	-0,1	0,9
Net cash generated from operating activities		**-2,1**	**1,6**	**-8,4**
Cash flows from investing activities				
Part settlement of demerger receivable		0,0	0,0	25,0
Net cash generated from investing activities		**0,0**	**0,0**	**25,0**
Cash flows from financing activities				
Capital distribution		0,0	0,0	-1,0
Net contribution from parent		0,0	1,0	1,0
Net cash flow from financing activities		**0,0**	**0,0**	**0,0**
Net cash flows for the period		-2,1	1,6	16,6
Cash and cash equivalents at start of period		16,6	0,0	-
Cash and cash equivalents at end of period		**14,5**	**1,6**	**16,6**

Notes to the interim condensed consolidated financial statements

Note 1 General information and accounting policies

Hermana Holding ASA's objective 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 licences, 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.

Hermana Holding ASA is a public limited company, incorporated and domiciled in Norway. The condensed consolidated interim financial statements consist of the company and the company's interests in subsidiaries.

The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and these financial statements have been prepared in accordance with the International Accounting Standard for Interim Financial Reporting (IAS 34). The interim financial statements do not include the full information and disclosures as required in the annual financial statements and should therefore be read in conjunction with the Annual Financial Statements for the year ended 2024.

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance Measures ("APMs") that came into force on 3 July 2016. Hermana has defined and explained the purpose of the following APM:

EBITDA

EBITDA, as defined by Hermana, includes total operating revenue and expense, and excludes, depreciation, amortisation, and impairment loss.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Annual Financial Statements for the year ended 31 December 2024.

Note 2 Accounting estimates

Deferred tax assets are recognised for unused tax losses only to the extent it is probable a taxable profit will be available against future losses. Significant management judgement is required to determine the amount of deferred tax assets to be recognised, based upon the likely timing and level of future taxable profits. The recognised deferred tax asset is most sensitive to expected future taxable profits.

The deferred tax asset recognised is expected to be utilised within the next 5 years based on the company's contract portfolio and cost base as of today. The book value of the deferred tax asset represents a minor part of the total accumulated tax losses carried forward of NOK 416.5 million allocated to Hermana Group as part of the demerger from Magnora ASA.

Note 3 Operating revenue

NOK million	Q1 2025	Q1 2024
Licence fee	0,0	3,2
Management services	0,2	0,0
Total operating revenue	**0,2**	**3,2**

Note 4 Financial assets

The Group holds no marketable securities as of 31 March 2025.

As of 31 March 2025, the Group has a receivable from Magnora ASA representing the income related to two milestone payments from Shell Penguins FPSO of a total of USD 8.6 million (approximately NOK 91 million). The payment of the first milestone was received by Magnora ASA from Shell Penguins and will subsequently be transferred to the Group during Q2 2025.

Note 5 Related party transactions

The Group has an administrative support service agreement with Magnora ASA for administration, back-office, and support functions within finance, accounting, treasury, tax, and insurance services to be provided by Magnora at agreed-upon hourly rates. The Group also has an agreement with Magnora ASA to provide market analysis, business development, and transaction support services. Through these agreements the Group will have operating revenues and expenses from services provided between the companies that are related parties to the Group. During the quarter, the Group incurred operating expenses of NOK 1.1 million related to support services provided by Magnora ASA. Apart from the remaining demerger receivable of USD 8.6 million due from Magnora ASA, there are no outstanding liabilities between the Group and Magnora ASA as at the reporting date.

Note 6 Capital management

As part of the demerger completed in 2024, Western Isles Holding AS received a cash contribution of NOK 25 million from Magnora ASA, to provide the Group with adequate working capital. This contribution formed part of the demerger receivable from milestone payments in accordance with the licence agreement with Shell UK Ltd. recognised by the Group. The remaining balance of USD 8.6 million of the demerger receivable from Magnora is expected to be paid to the Group within the next 12 months and is classified as a current asset.

The Group is exposed to currency risk related to the remaining USD 8.6 million revenues from the Shell Penguins agreement, which is due from Magnora ASA. Fluctuations in the USD exchange rate may give rise to unrealised foreign exchange gains or losses. These effects are non-cash in nature, as the receivable will be fully extinguished upon receipt of the underlying USD-denominated amounts.

Note 7 Subsequent events

There were no events after the reporting date that require adjustment or disclosure in the financial statements.