Harbour Energy

2022 Full Year Results

Harbour Energy plc

March 2023

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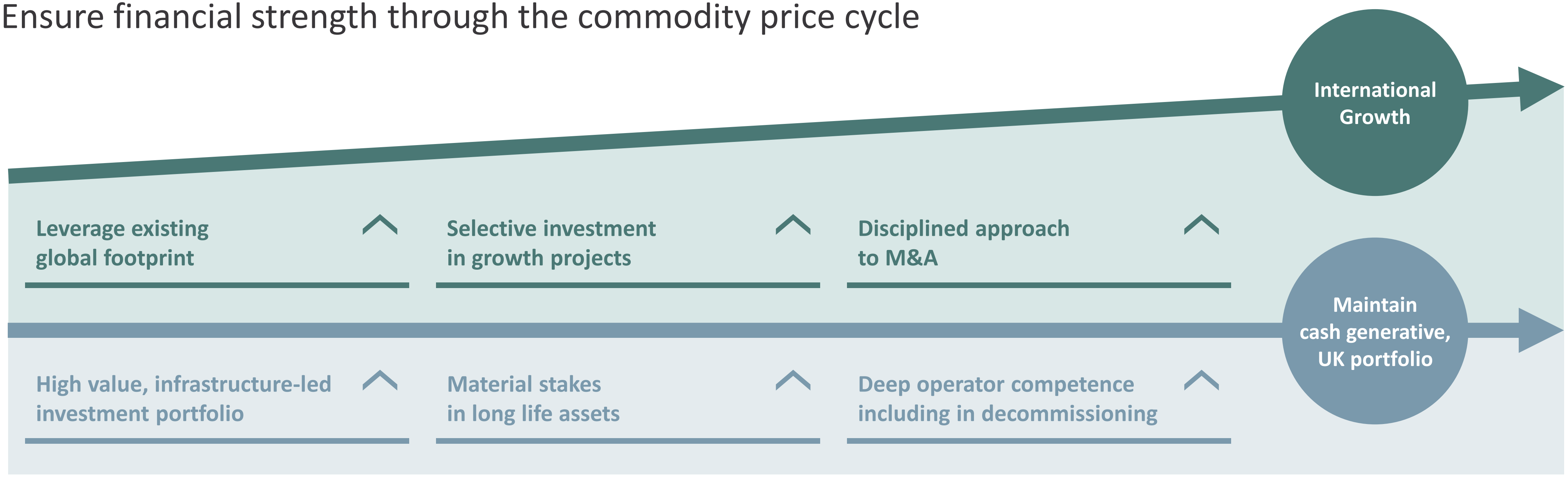
Agenda

Strategy recap

Continue building a global diversified independent oil and gas company

- Ensure safe, reliable and environmentally responsible operations
- Maintain a high quality portfolio of reserves and resources
- Leverage our full cycle capability to diversify and grow further
- Ensure financial strength through the commodity price cycle



Harbour's strategy has underpinned material growth over the past five years.
Our strategy remains robust given our current portfolio and external market dynamics

2022 Highlights

Delivering safe and responsible operations and disciplined capital allocation amidst extreme market volatility

Strong operational performance

Injury rate (TRIR) improved
0.8
2021: 1.3

Record production
208 kboepd
2021: 175 kboepd

Unit operating cost
$13.9/boe
2021: $15.2/boe

2P+2C resources
865 mmboe
2021: 948 mmboe

Net Zero
2035
with interim target established

Robust financial results

Higher realised pricing
$78/bbl, 86p/therm
below market prices due to hedging

Increased EBITDAX
$4.0bn
driven by higher production and prices

Profit after tax
$8m
impacted by $1.6bn EPL tax charge

Free cash flow
$2.1bn
after $0.9bn of capex and $551m of tax

Announced distributions
$600m
$553m made in 2022, $41m in 2023

Disciplined capital allocation

$1bn
of shareholder returns announced (December 2021 – March 2023)

$2.9bn
Total capex between 2021 and 2023F, of which >85% in the UK

$2.1bn
Net debt reduction since April 2021; potential to be net debt free in 2024

A focus on safe and responsible operations

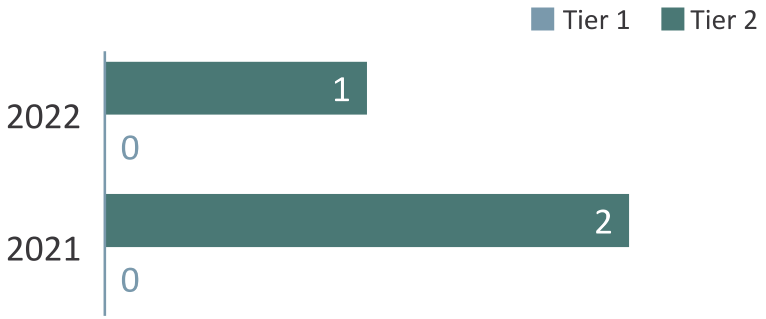
Safety is our top priority

Improved occupational safety record

TRIR (per million hours worked)[1]

Improved process safety performance

Events (Tier 1 and Tier 2)[1]



[1] Safety KPIs are reported on a gross operated basis

- No significant injuries or process safety events
- Continued focus on process safety and reducing high potential incidents
- First company-wide employee engagement survey highlighted strong safety culture across workforce

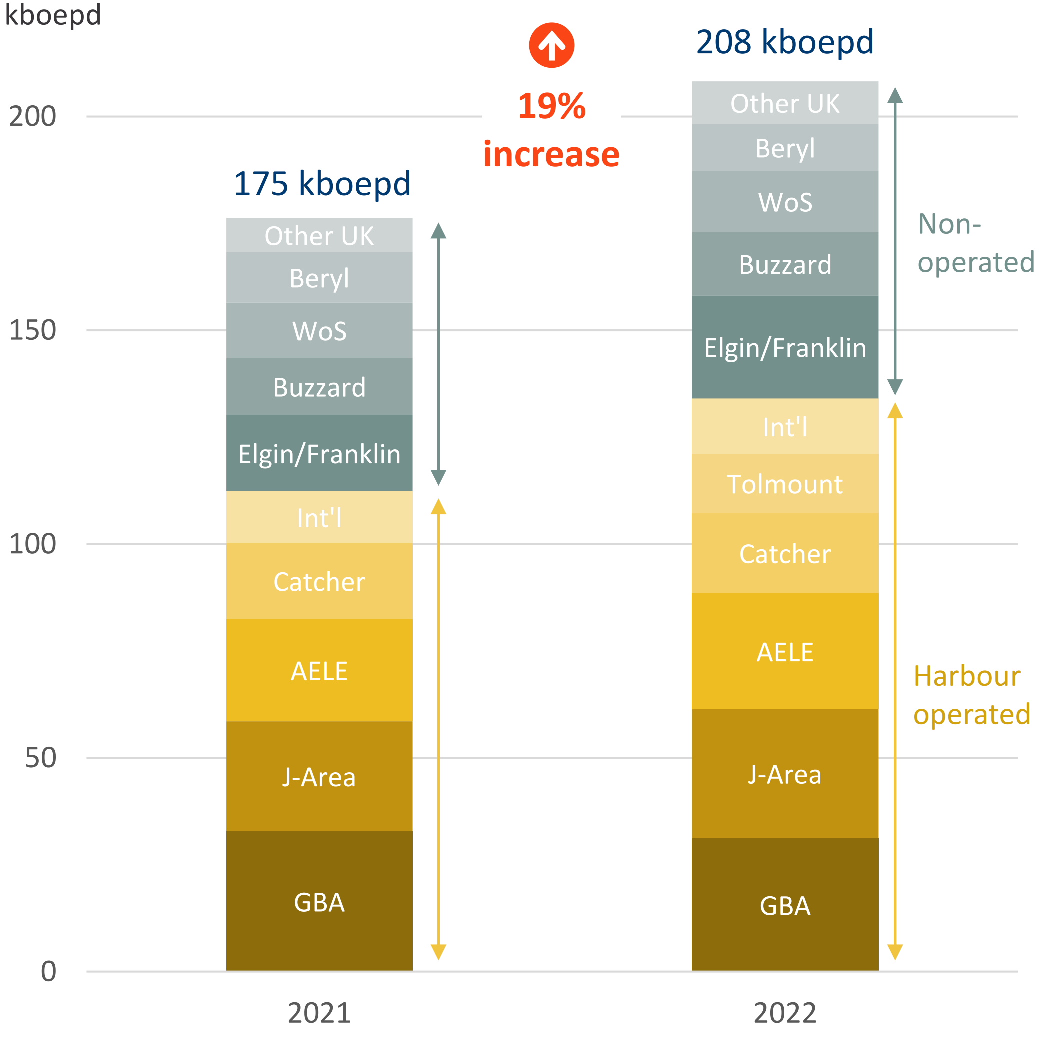
>12 million hours worked

2021: 11.8 million hours

Strong 2022 operational performance…

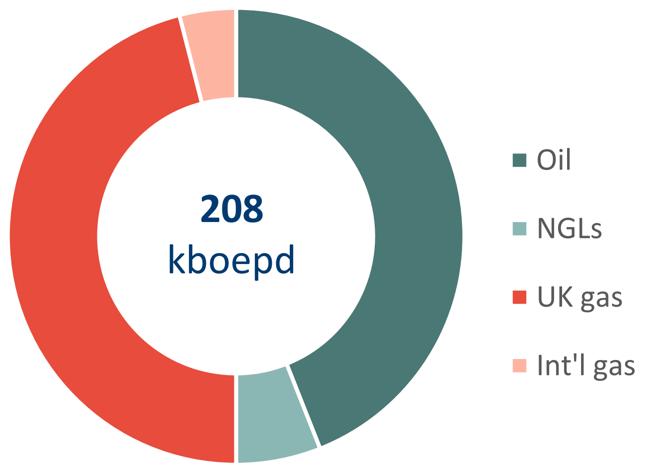
…underpinned by a diverse, cash generative production base with a good balance of oil and gas

Production
kboepd



- Significant asset diversification
- Robust margins
- Material interests in major UK hubs with upside
- High degree of operating control
- Non-operated interests in flagship assets with established operators

Balance of oil and gas
2022 production, kboepd



[1] Source: Wood Mackenzie and NSTA

Five

of 10 largest UK fields by production in our portfolio[1]

c.15%

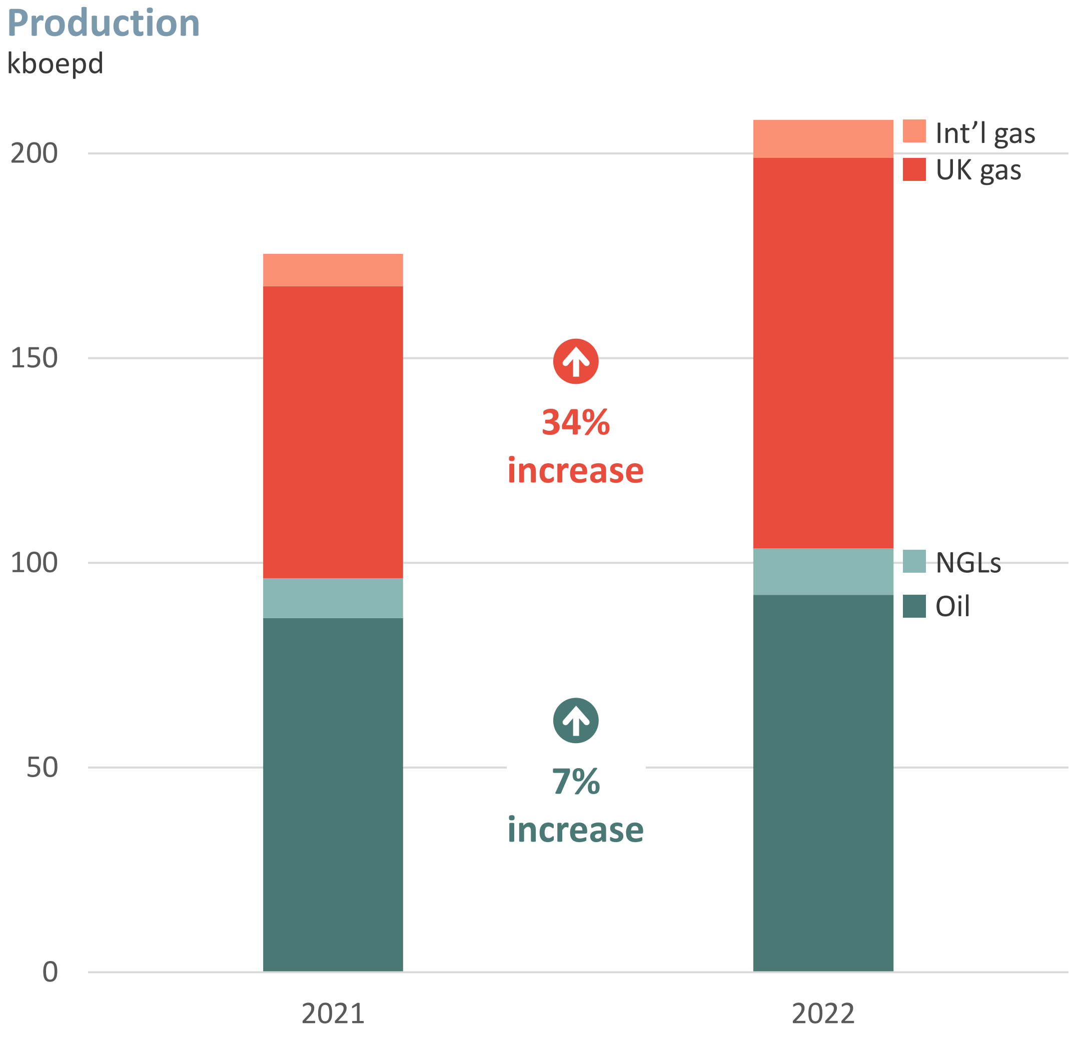
of UK's domestic O&G supplied by Harbour[1]

2nd

Consecutive year of being the UK's largest producer[1]

Higher production underpinned by new wells (primarily natural gas)

Completed c.50 well intervention programmes and brought online 15 new wells during 2022



J-Area (Harbour 66-67%)

Active rig campaign at J-Area, including first gas from Jade South which added c.10 kboepd in 2022

Tolmount (Harbour 50%)

First gas from Tolmount in April, adding c.14 kboepd to Harbour's production in 2022

AELE (Harbour 32-100%)

First gas from LAD at Everest in Q1 2022, contributing c.5 kboepd to 2022 production

>35 mmboe

of 2P reserves developed in 2022 and now contributing to production

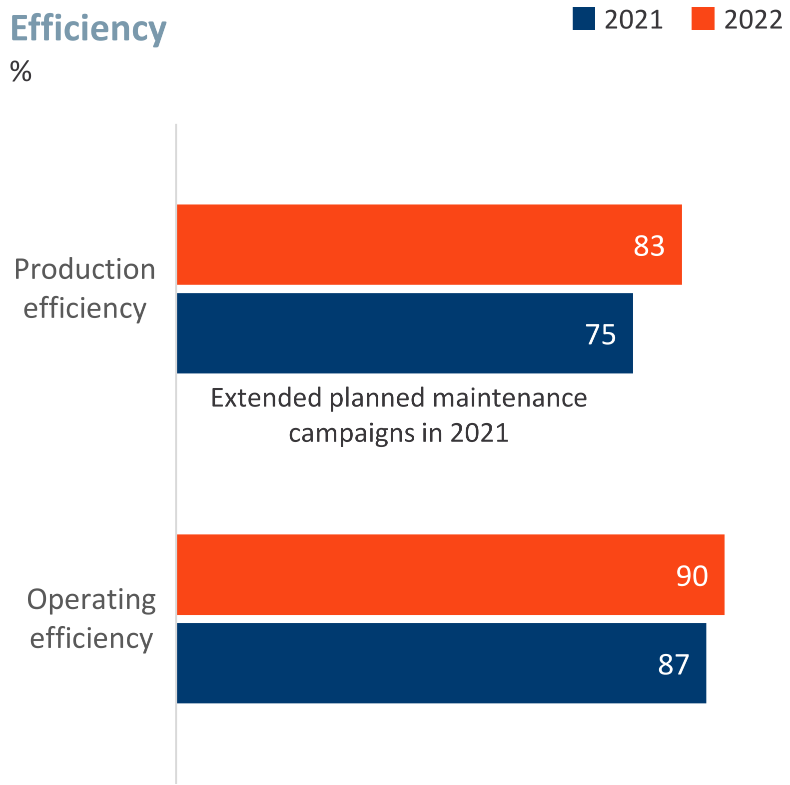
< One year

average pay back of wells brought on-stream during 2022 (at forward curve)

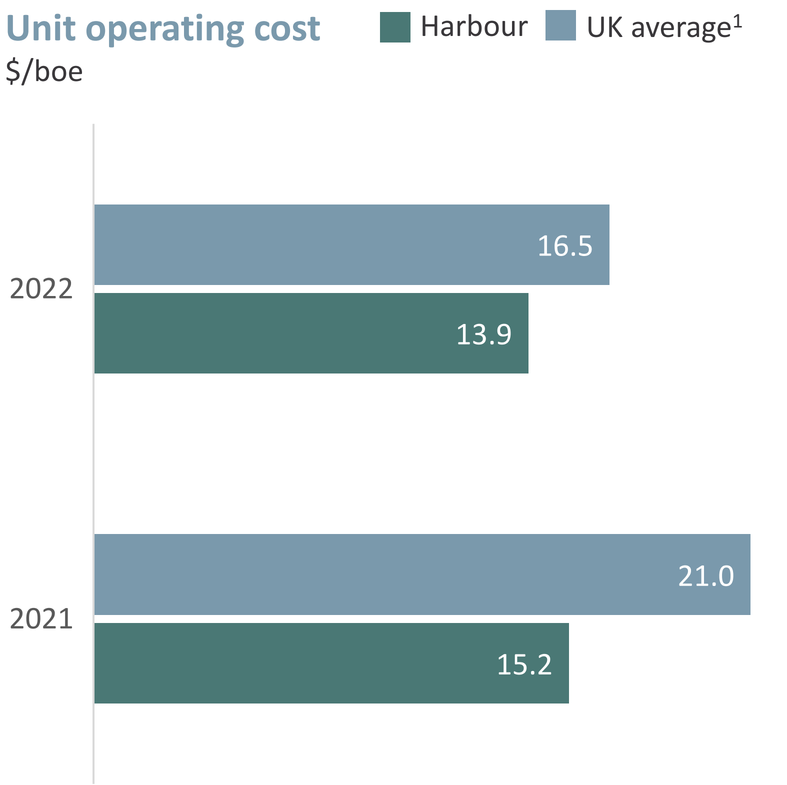
An efficient operator with robust margins…

…with opportunities to remain competitive amidst inflationary environment

Increased efficiency driven by less maintenance shut downs and improved reliability



Reduced unit cost driven by increased volumes, weaker sterling and consolidation of supplier contracts



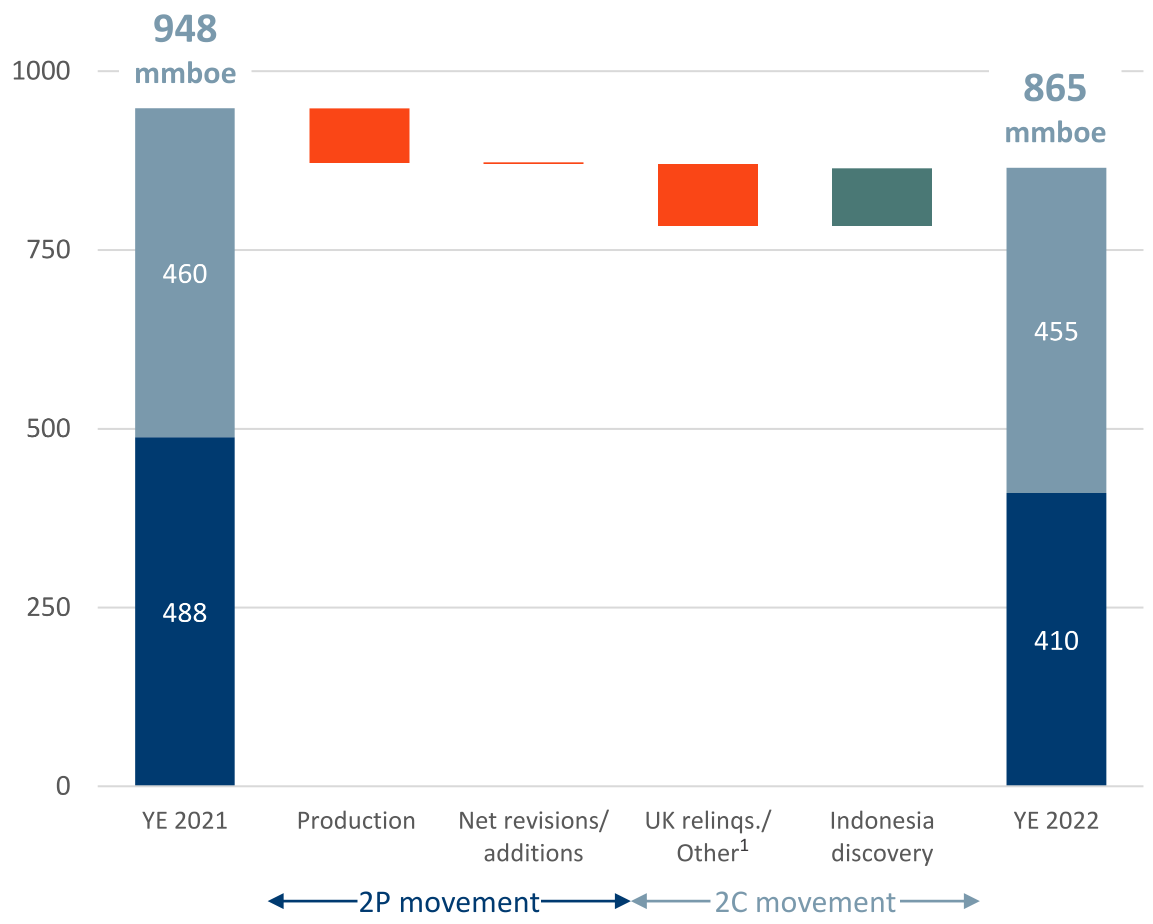
Managing our cost base

- Consolidation of supply chain contracts helping to offset impact of inflation
- New EMS system 'live' in Q4 2022; presents opportunity to drive efficiencies
- UK organisation review to align with reduced activity levels post EPL
- Optimising our decommissioning activities
- Drilling capex focused on high return, infrastructure led opportunities

[1] Source: Wood Mackenzie for 2022, NSTA for 2021

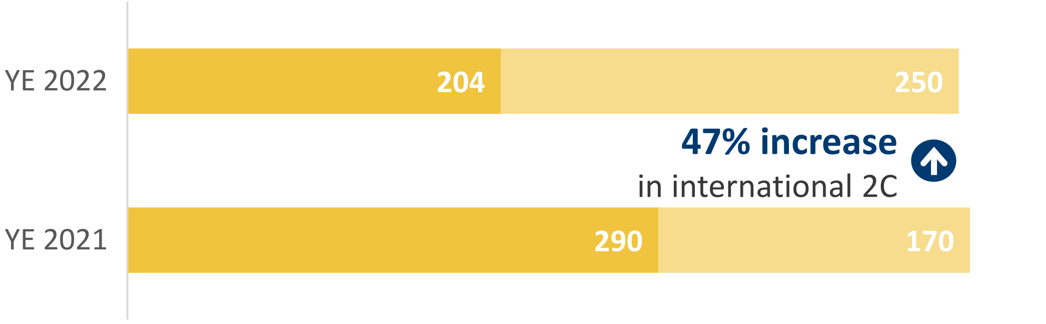
2022 Year-end reserves and resources

Reflects Indonesia exploration success offset by production and UK licence relinquishments



Growing international portfolio

2C contingent resources, net, mmboe[3]



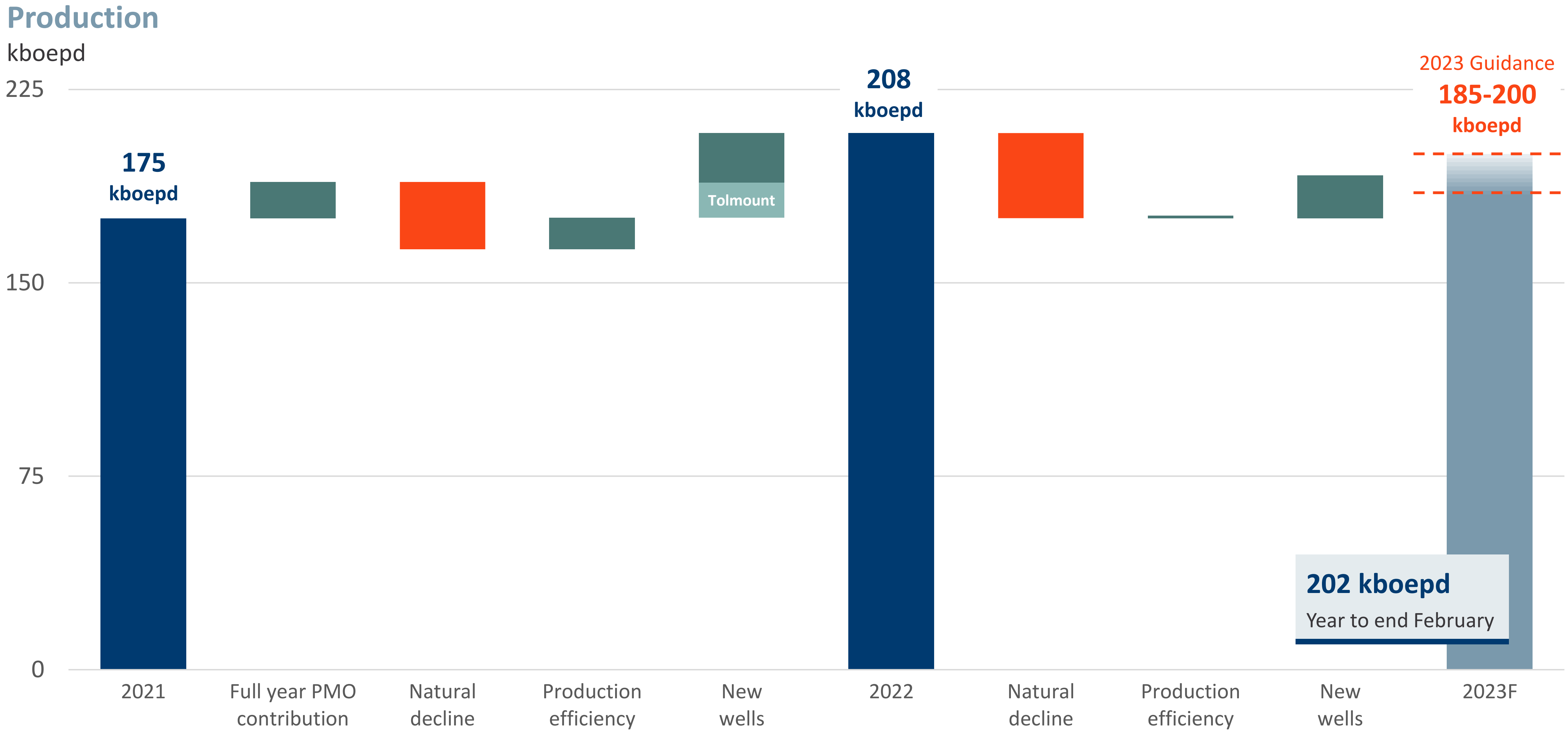
CO_2 storage capacity (UK Viking fields)

Contingent CO_2 storage resources, net, million tonnes

[1] Also includes 2C revisions and 2C moved into 2P [2]International includes Norway
[3] Because of rounding, some totals may not agree exactly with the sum of their component parts

2023 production is forecast at 185-200 kboepd …

… with new wells coming onstream partially offsetting natural decline



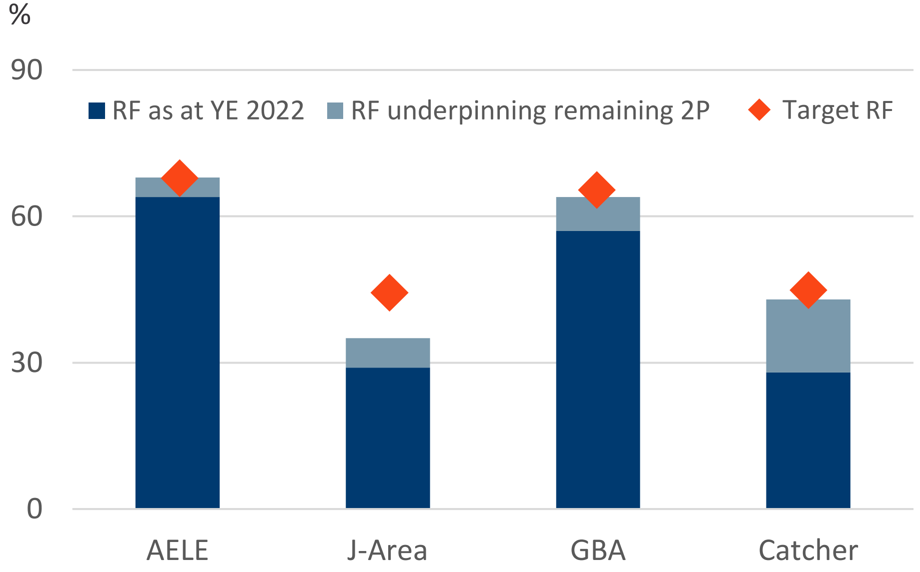
Maximising value of our UK portfolio through targeted investment…

…and realising the upside of our existing assets

Improving recovery factor

- Infill drilling and well interventions
- Application of production technology
- E.g. Buzzard infill campaign, Callanish F6

Recovery factor (RF)



200-300 mmboe

Estimated potential upside through a 10% improvement in recovery factor across Harbour's operated assets

Converting 2C resource into 2P reserves

- Near-field satellite tie-backs
- Prioritising advantaged barrels
- Collaboration with other operators, e.g. Leverett
- Clustering J-Area small discoveries

204 mmboe

of UK 2C resources

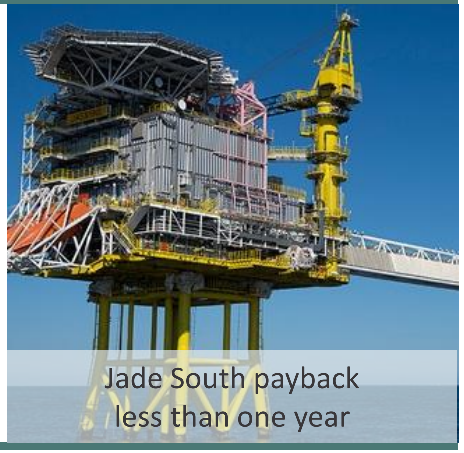
Unitised interest in Leverett field with NEO

Infrastructure led exploration

- Robust opportunities close to infrastructure
- Low risk, high return, quick payback
- E.g Jocelyn South (J-Area), Gilderoy (GBA)

15 material prospects / leads

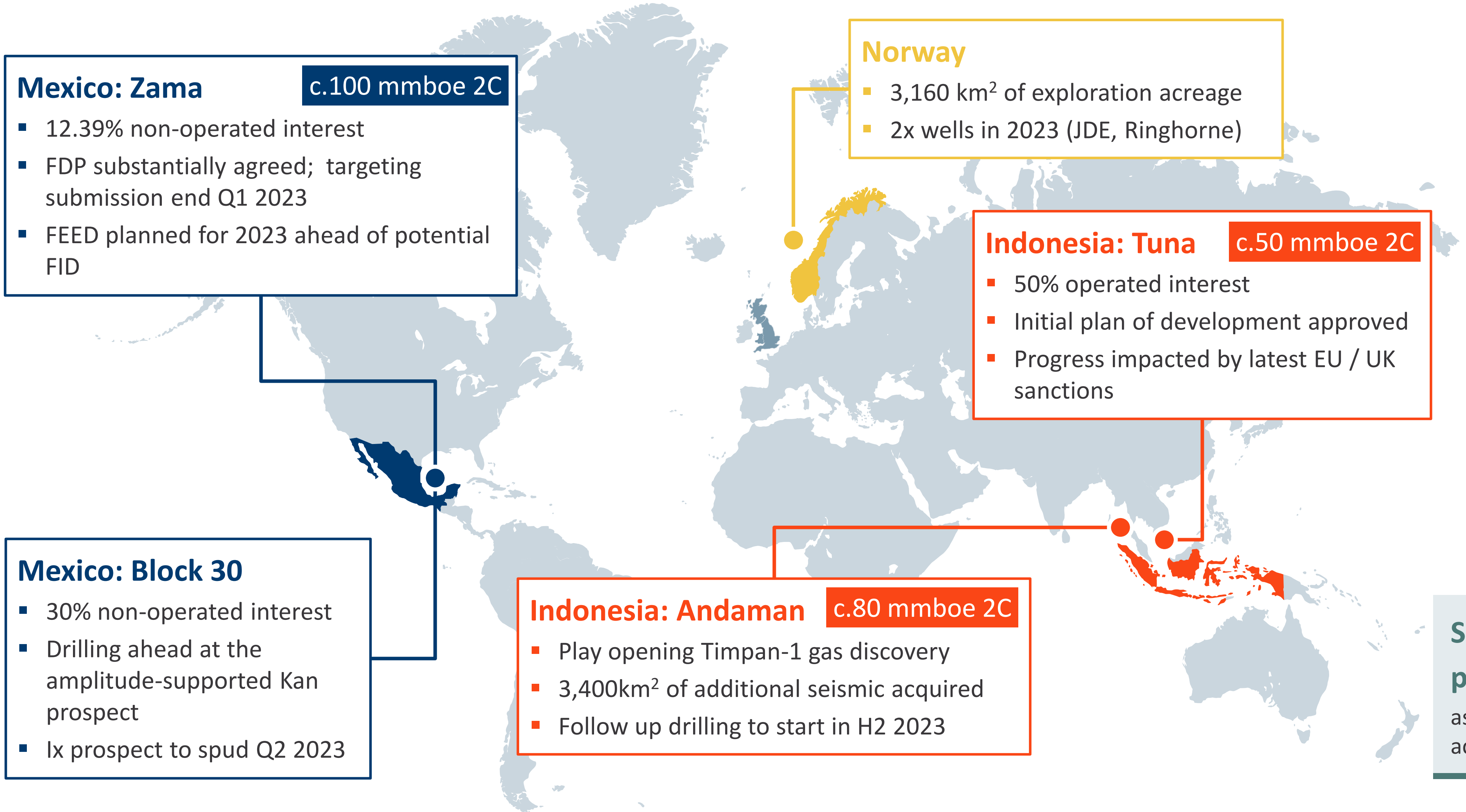
To be evaluated across our operated hubs



Jade South payback less than one year

Growing portfolio of international development opportunities…

…provide potential for material reserves replacement



Mexico: Zama
c.100 mmboe 2C

- 12.39% non-operated interest
- FDP substantially agreed; targeting submission end Q1 2023
- FEED planned for 2023 ahead of potential FID

Norway

- 3,160 km^2 of exploration acreage
- 2x wells in 2023 (JDE, Ringhorne)

Indonesia: Tuna
c.50 mmboe 2C

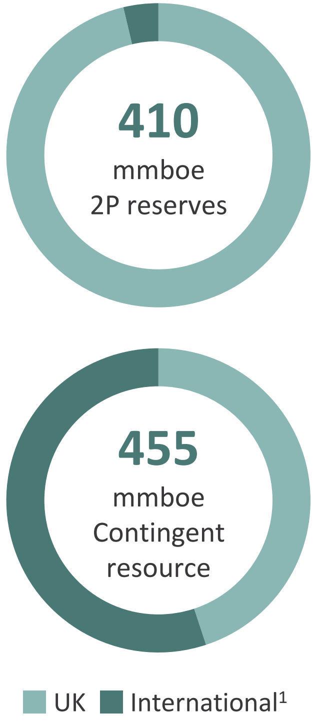
- 50% operated interest
- Initial plan of development approved
- Progress impacted by latest EU / UK sanctions

Mexico: Block 30

- 30% non-operated interest
- Drilling ahead at the amplitude-supported Kan prospect
- Ix prospect to spud Q2 2023

Indonesia: Andaman
c.80 mmboe 2C

- Play opening Timpan-1 gas discovery
- 3,400km^2 of additional seismic acquired
- Follow up drilling to start in H2 2023



Significant prospective resource
associated with international acreage

[1] International includes Norway

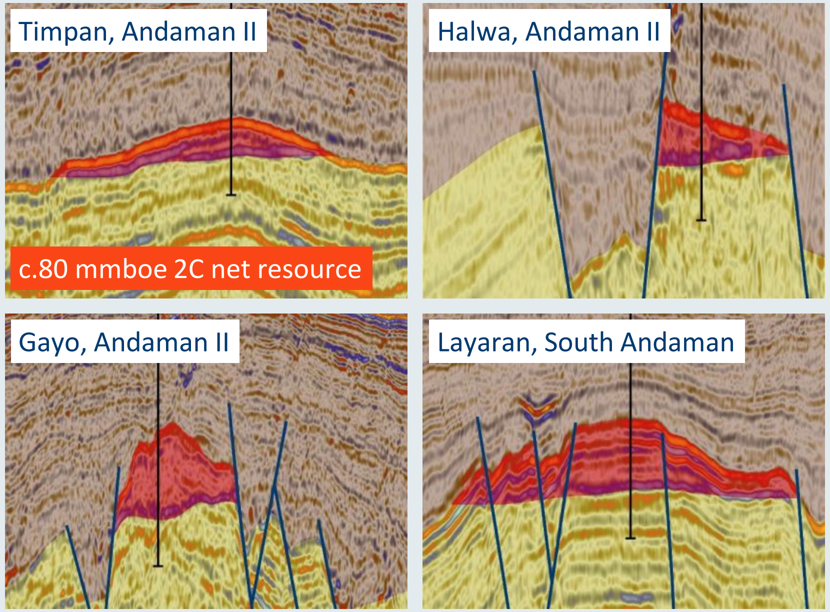
Andaman Sea: potential opening of a major gas province in region of growing demand

2022 Harbour operated Timpan-1 exploration well (HBR 40%) de-risks multiple prospects across Andaman Sea acreage

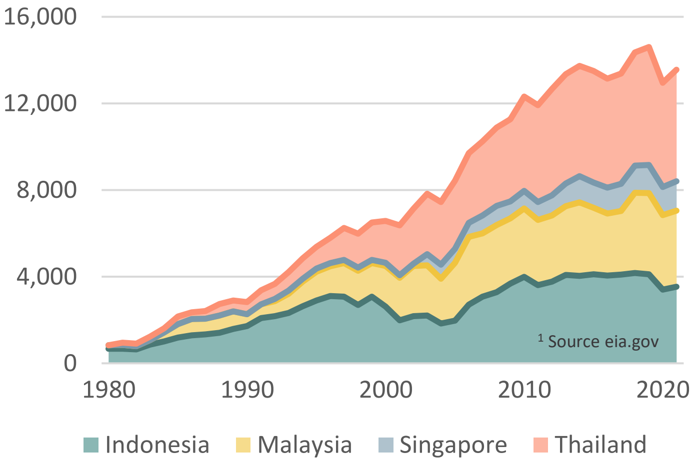
- 3 well programme – Layaran, Halwa and Gayo
- Drilling 2023/24; Harbour cost c.$90 million[1]
- Multi-TCF play potential

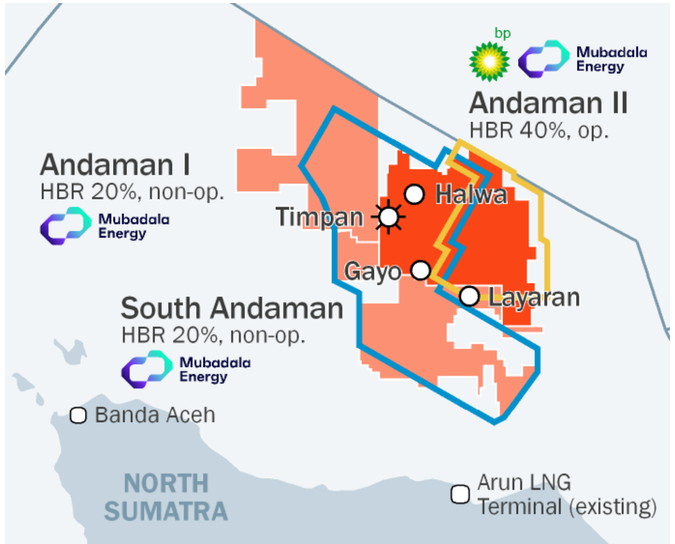
[1] Success case, including full data acquisition and testing

Timpan result has proven seismic response of gas bearing reservoir. 2023/24 rig campaign will drill 3 analogue, DHI driven prospects.



Domestic gas consumption[1] mmscf/d

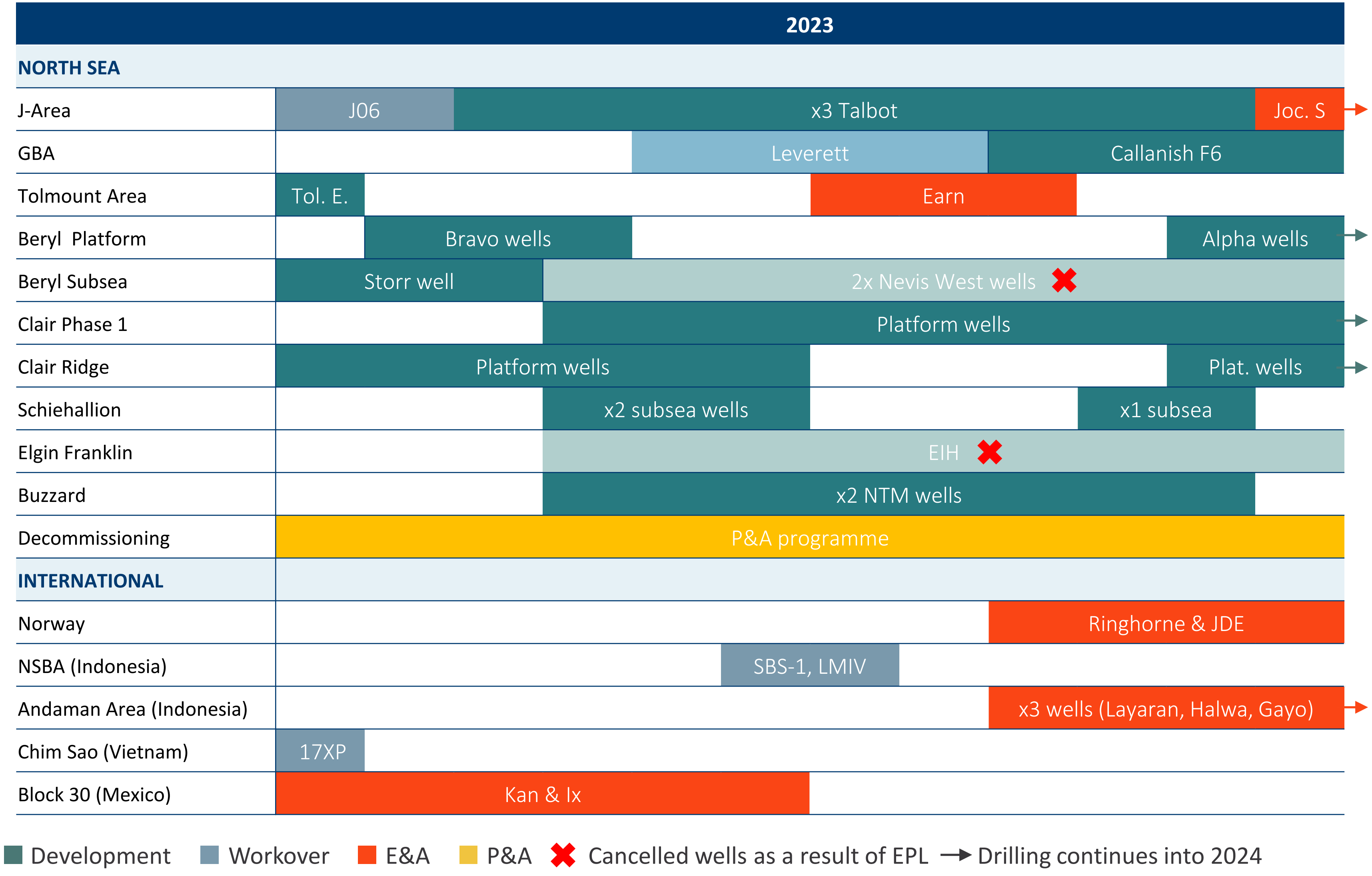




Well positioned to access major natural gas markets

2023 drilling programme scaled back following the introduction of the EPL

Converting UK 2P reserves into production and targeting significant resource additions internationally



Targeting attractive metrics

<$35/bbl

Break-even oil price

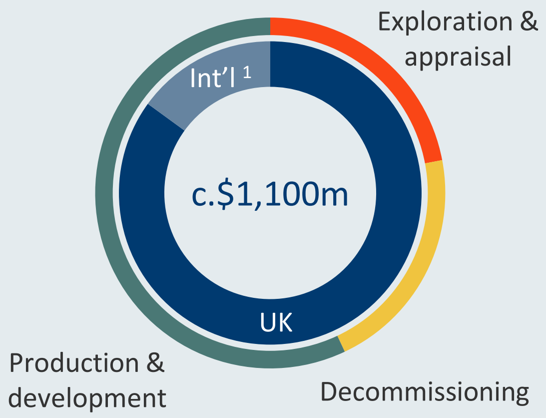
>20%

IRR at $65/bbl oil price

1-2 years

payback at $65/bbl oil price

2023F total capital expenditure



[1] International includes Norway

Strategic ambition to grow and diversify internationally via M&A

M&A must be competitive with organic investments, safeguarding the balance sheet and shareholder returns

Supportive environment and proven capability

Rich opportunity set

- Majors / NOCs repositioning portfolios
- Private companies looking for liquidity
- Smaller companies looking for scale

Commodity prices

- Lower and less volatile versus 2022

Well-positioned to execute

- Proven track record
- Responsible operator
- Strong balance sheet
- Geographic flexibility

>$150 bn of possible divestments in near to mid term[1]

+

Disciplined and value focussed criteria

Key criteria

- International diversification, material production outside the UK
- Cash generative and conventional assets (preference for offshore)
- Embedded investment opportunities
- High degree of operational control
- Accretive to reserves life and margins
- Aligned with our Net Zero goals

Will only transact if we can create value for our shareholders

=

Delivering shareholder value through accretive M&A

Primary outcomes

- Resilient over the longer term
- Competitive & sustainable shareholder returns
- High quality credit standing

Global, resilient O&G company of the future

[1] Source: broker estimates

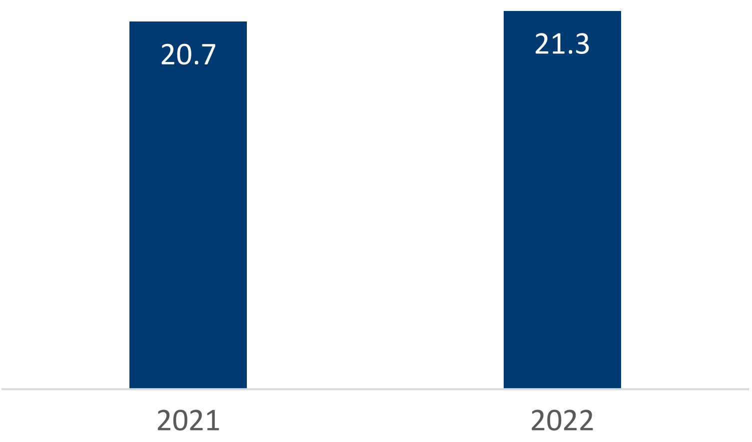
Addressing our environmental impact and playing a key role in the energy transition

Pathway to achieving Net Zero by 2035 further clarified

- Progressing wide range of activities to reduce emissions
- Net Zero goal embedded within our investment decisions, interim target set
- Emission reduction incentives incorporated into our compensation and main debt facility
- Investing in technology, including CCS, to support UK's emissions targets

GHG intensity[1]

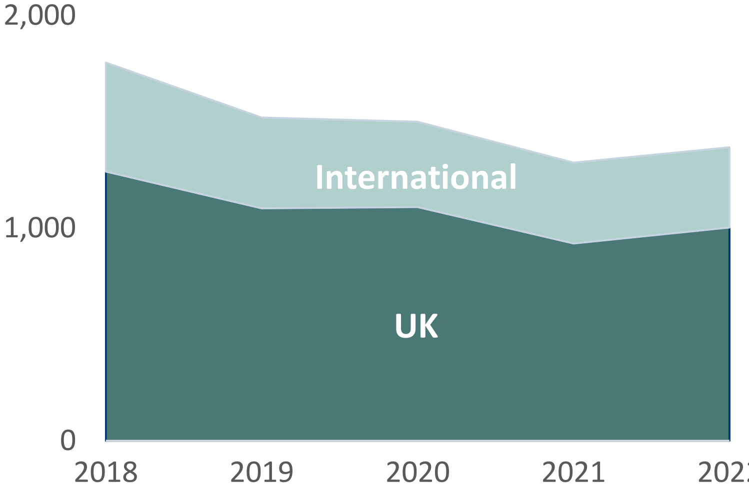
$kgCO_2e/boe$



Efficiency/reduction efforts offset by full year of the more emissions-intensive Premier assets

Absolute emissions[1]

kt CO_2e (Scope 1, Scope 2)



On track to meet UK government's targets (incl. 10% reduction by 2025 versus 2018)

2022 highlights

50% interim reduction target

By 2030

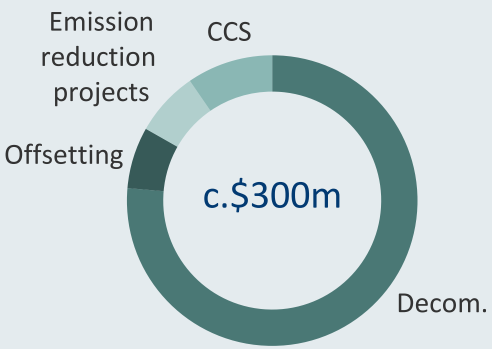
54 kt CO_2e/boe

reduction in 2022 emissions due to emissions reduction projects

\$100/t

Internal carbon pricing sensitivity

2022 Energy Transition spend



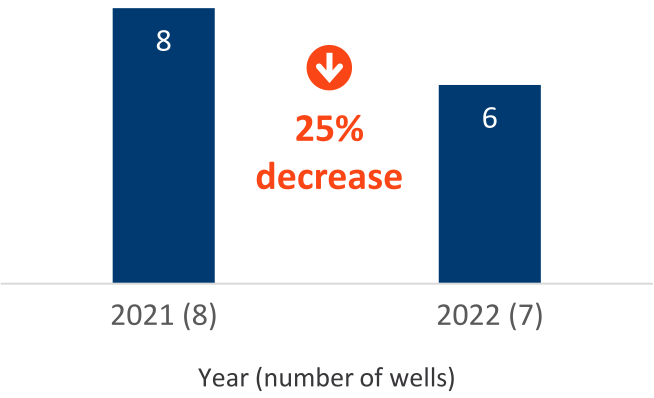
[1] GHG is provided on a reported gross operated basis Absolute emissions is measured on a pro forma, gross operated basis

Responsibly decommissioning O&G infrastructure which cannot be repurposed for CCS

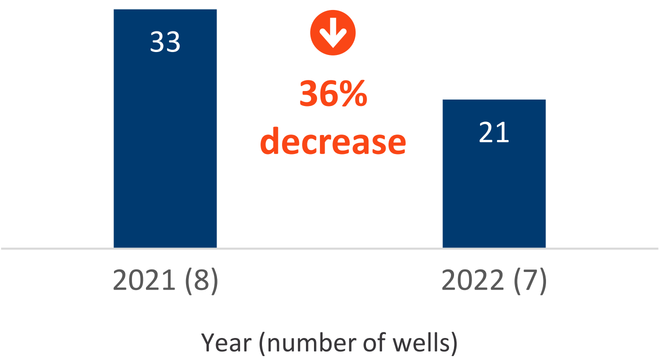
Our decommissioning team delivered a strong safety, environmental and cost performance in 2022

- Plugged and abandoned seven wells
- Removed seven platforms
- Completed extensive post removal seabed remediation campaign

Average cost to decommission a SNS[1] well
$ million



Average time to decommission a SNS[1] well
days



Heavy lift campaign to remove Vulcan RD

LOGGS satellite platform removals completed

Since 2014, Harbour's decommissioning team have

Plugged and abandoned	Removed and recycled	Flushed, cleaned and made safe
149 wells	**31 platforms**	>1,500 km of pipeline

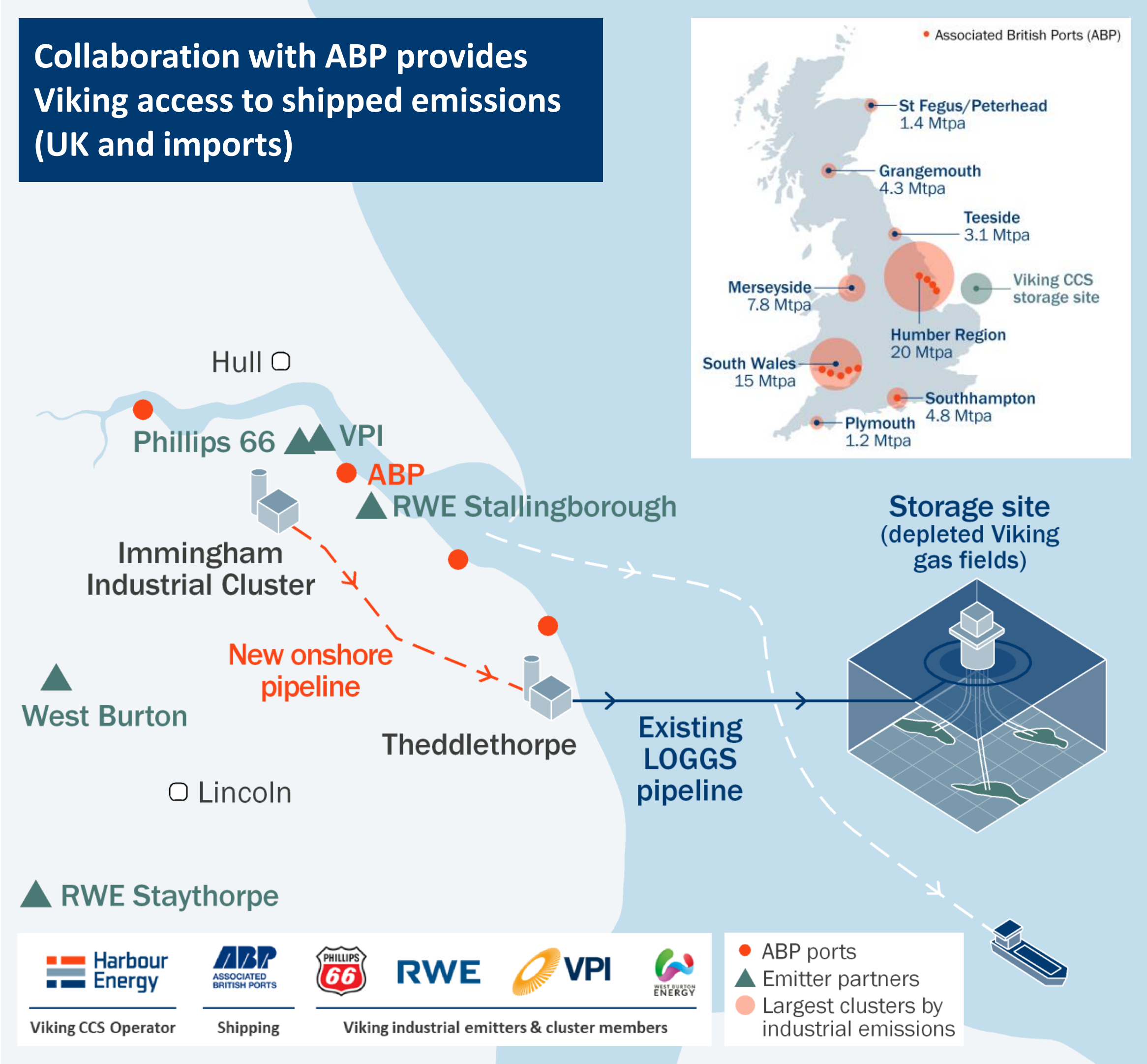
[1] SNS stands for southern North Sea

Strategically located in the Humber, the UK's most CO_2 intensive region

VikingCCS

Uniquely positioned to deploy skills and infrastructure to accelerate CCS

Collaboration with ABP provides Viking access to shipped emissions (UK and imports)



2022 highlights

- Viking 300mt contingent CO_2 storage independently audited
- Onshore pipeline Development Consent Order consultation completed
- Agreements with emitters for up to 10 mtpa CO_2 by 2030 and 15 mtpa by 2035
- Exclusive relationship with Associated British Ports at Port of Immingham

Outlook

- Well-placed to participate in UK Government Track 2 process
- Progress to FEED following Track 2 award
- Targeting FID in 2024; first CO_2 storage as early as 2027

>30%	30 mtpa	300 mt
of UK's 2030 CCS target set to be met by Viking	Transport capacity of offshore LOGGS pipeline	Viking CO_2 storage capacity verified by ERCE

Financial Review

Robust financial results

Higher realised pricing
$78/bbl, 86p/therm
below market prices due to hedges

Increased EBITDAX
$4.0bn
driven by higher production and prices

Increased profit before tax
$2.5bn
2021: $315m

Profit after tax
$8m
impacted by $1.6bn EPL tax charge

Free cash flow
$2.1bn
after $0.9bn of capex and $551m of tax

Net debt
$0.8bn
reduced from $2.3bn at YE2021

Leverage
0.2x
reduced from 0.9x at YE2021

Announced distributions
$600m
$553m made in 2022, $41m in 2023

Disciplined capital allocation

$1bn
of shareholder returns announced (December 2021 – March 2023)

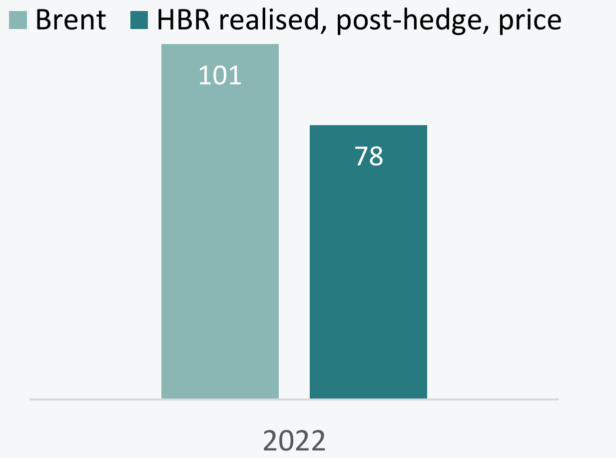
$2.9bn
Total capex between 2021 and 2023F, of which >85% in the UK

$2.1bn
Net debt reduction since April 2021; potential to be net debt free in 2024

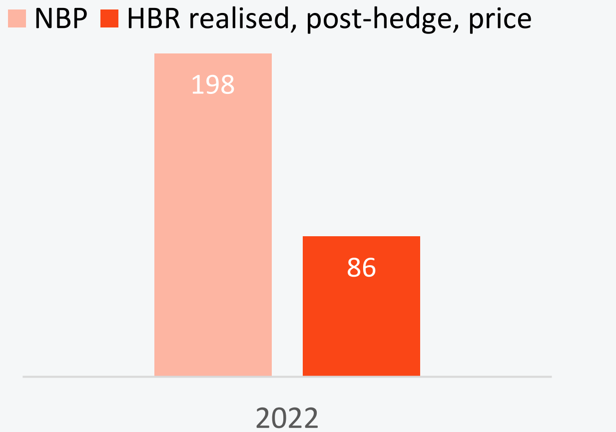
Increased opportunistic hedging strategy while continuing to protect the downside

Higher realised pricing in 2022 but below market due to hedges; hedging volumes reduce materially over next 3 years

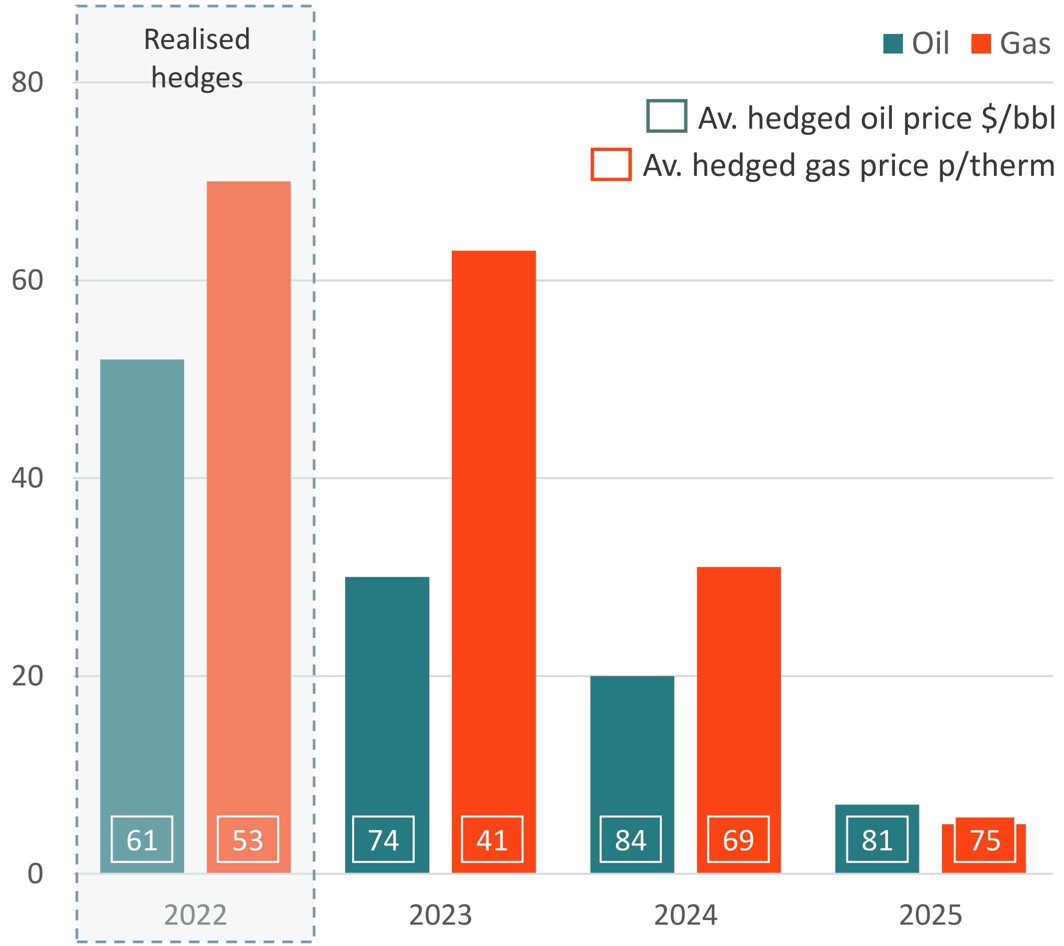
Oil price, $/bbl



UK gas price, pence/therm



Hedged volumes, kboepd



Greater flexibility
with minimum hedging requirements reduced

Income statement: Increased EBITDAX supported by strong operational performance

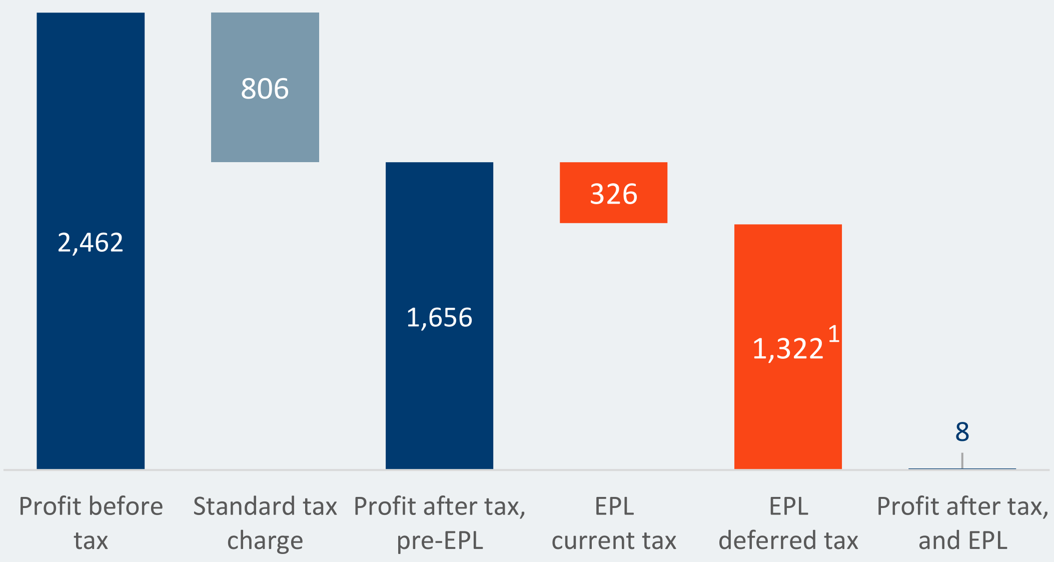
Profit before tax all but offset by tax charge driven by introduction of EPL in the UK

$ million	2022	2021
Revenue & other income	**5,431**	**3,618**
Cost of operations	(1,087)	(1,003)
DD&A	(1,546)	(1,371)
Other cost of sales	(212)	(79)
Reversals / (Impairment)	170	(117)
Expln w/off and pre-licence expense	(106)	(305)
G&A and other	(109)	(103)
Operating profit	**2,541**	**640**
Net financing costs	(281)	(263)
FX financing gain / (loss)	202	(63)
Profit before tax	**2,462**	**315**
Tax	(2,454)	(213)
Profit after tax	**8**	**101**
Earnings per share (cents)	**0.9**	**11.6**
EBITDAX	**4,011**	**2,431**

UK EPL disproportionately hits UK focused independents; for Harbour it all but offsets our profit in a year of record production and strong oil and gas prices

Harbour P&L

$ million



[1] The $1.3bn of EPL deferred tax consists of $1.469bn of one off deferred tax as a result of EPL of which $148m has reversed during the period

Balance sheet: net debt reduced and equity increased

Balance sheet significantly de-levered, decommissioning provisions materially lower but decreased deferred tax asset

Assets	YE 2022	YE 2021
	$ million	$ million
Goodwill	1,327	1,327
Other intangible assets	880	874
● Property, plant and equipment	5,690	7,247
● Right-of-use assets	735	552
● Deferred tax asset	1,407	1,938
Other assets	2,027	1,868
Cash	500	699
Total assets	**12,566**	**14,505**

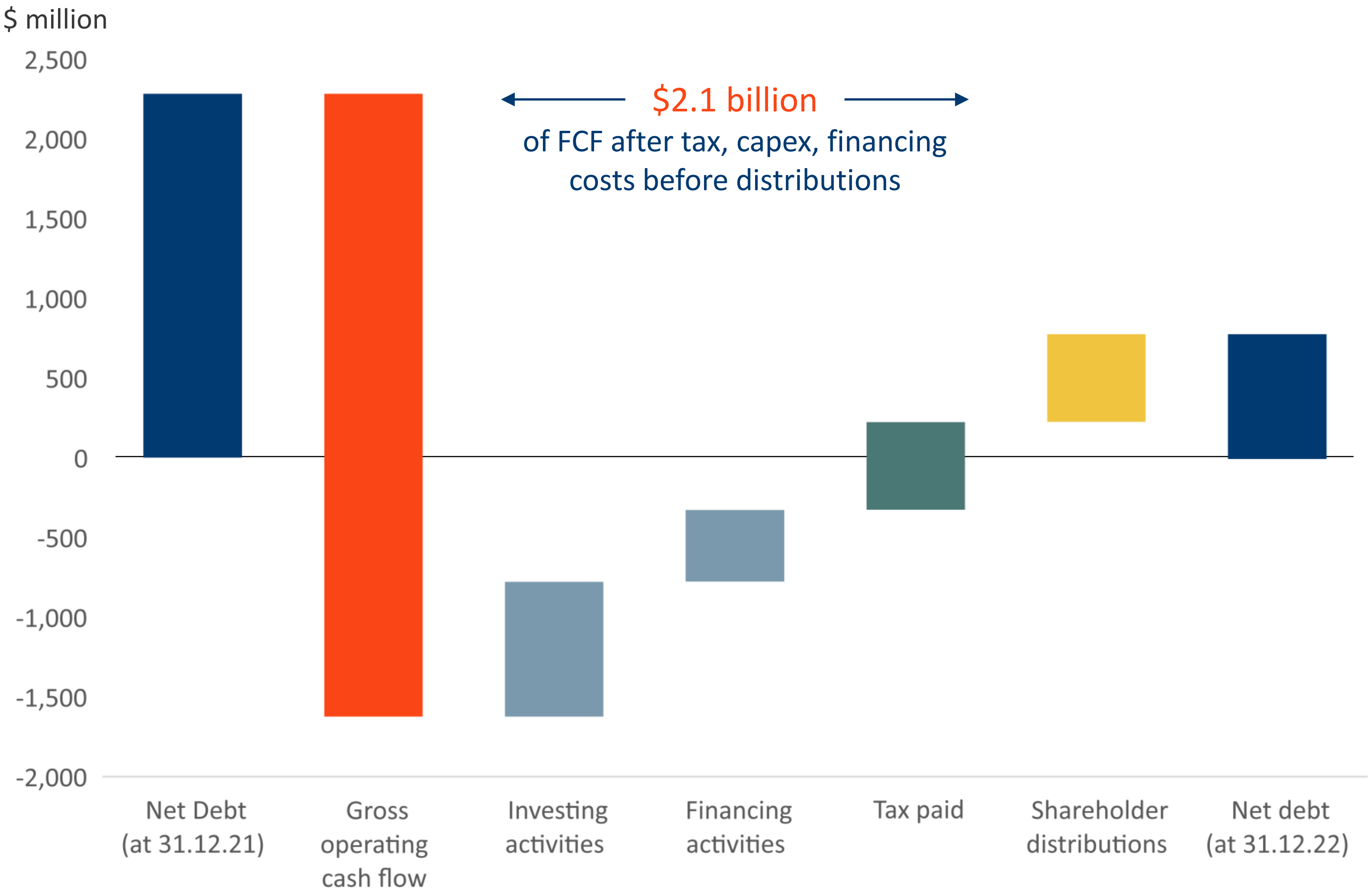
Equity and liabilities	YE 2022	YE 2021
	$ million	$ million
● Equity	1,021	474
Borrowings	1,238	2,886
● Decommissioning provisions	4,141	5,354
● Deferred tax liabilities	397	187
● Lease liabilities	825	654
Derivative liabilities	3,451	3,538
Other liabilities	1,493	1,412
Total equity and liabilities	**12,566**	**14,505**

- Reduction in PP&E reflects reduction in decommissioning asset of $0.8bn due to the increase in the risk free discount rate applied to the corresponding decommissioning provision and FX movement on sterling denominated assets
- Reflects capitalisation of Tolmount tariff following first gas in April 2022
- Net deferred tax position is an asset of $1.0bn reflecting future tax relief available on future unrealised hedging losses, decommissioning and tax losses offset by additional tax expected to be paid on PP&E as a result of the EPL
- Increase in equity driven by revaluation of deferred tax on unrealised hedging losses offset by shareholder distributions

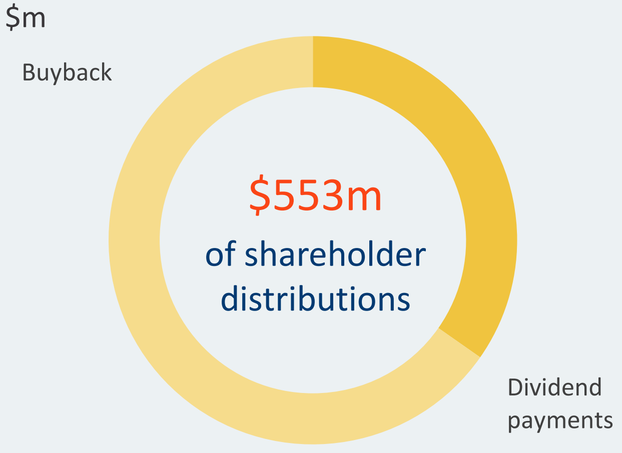
Increased cash generation underpinned by strong operational performance…

…allowed for continued investment, material shareholder distributions and net debt reduction

Net debt / cash flow



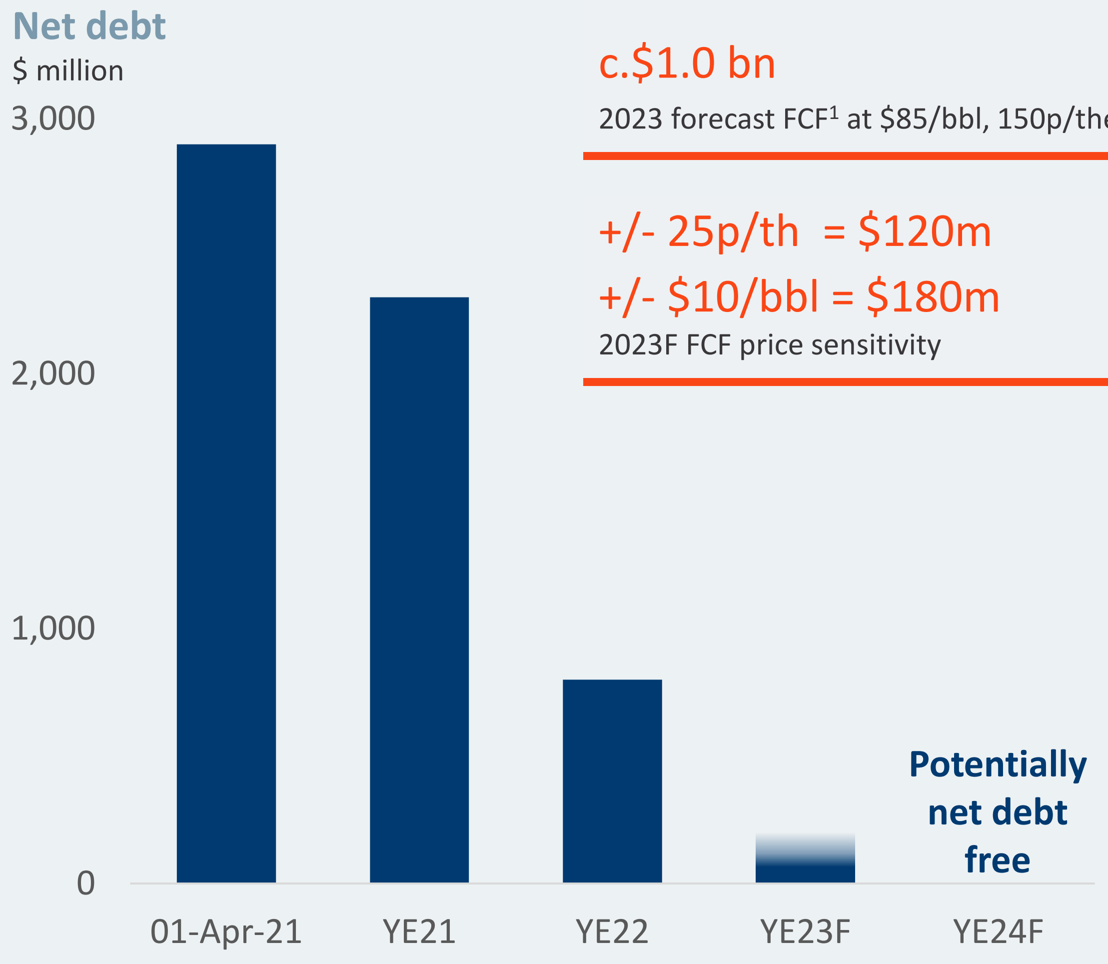
Shareholder distributions made in 2022



Tax payments in 2022

Robust balance sheet and significant cash generation

Building track record of rapid net debt reduction post M&A and delivering material shareholder distributions



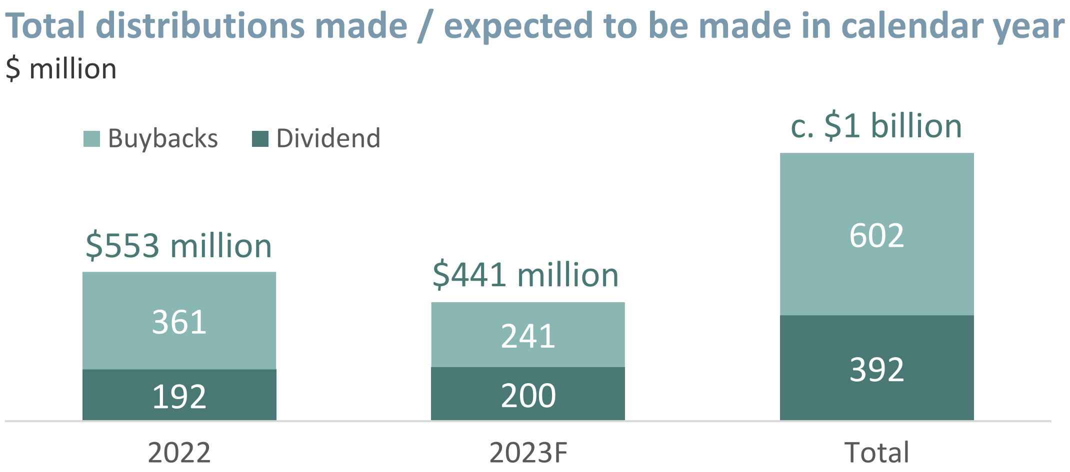
c.$1.0 bn

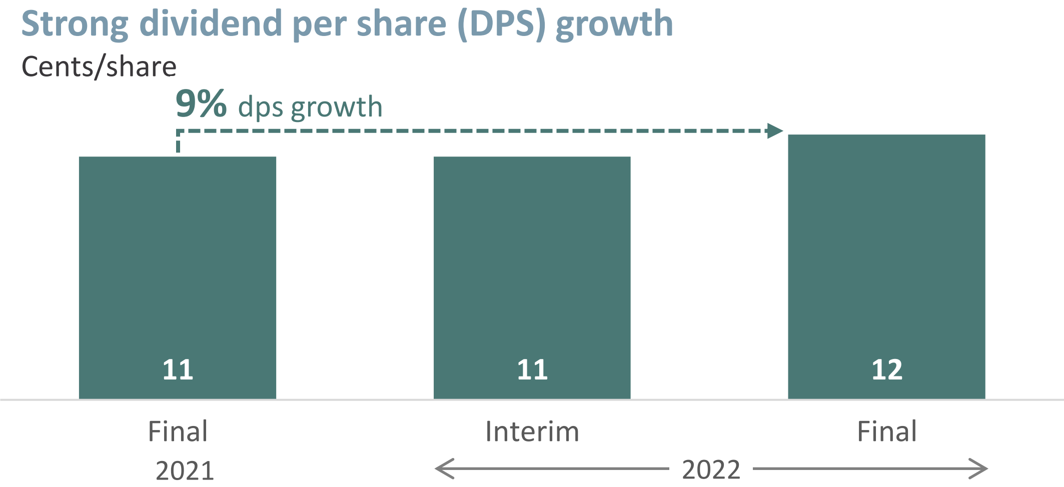
2023 forecast FCF[1] at $85/bbl, 150p/therm

+/- 25p/th = $120m

+/- $10/bbl = $180m

2023F FCF price sensitivity





[1] The estimated $1 billion free cash flow is after tax payments of c. $450 million, reflecting that the majority of our 2023 EPL liability is expected to be paid in 2024 due to one of the Harbour entities not currently falling within the UK tax instalment payment regime.

Guidance

2022 guidance (as at 1 Jan 2022)	2022 actual	2023 guidance
Production	**Production**	**2023 Production**
195-210 kboepd	208 kboepd	185-200 kboepd
Operating cost	**Operating cost**	**Operating cost**
$15-16/boe	$13.9/boe	c.$16/boe
Total capex	**Total capex**	**Total capex**
c.$1.3 billion	$0.9 billion	c.$1.1 billion

Well positioned for value creation, growth and shareholder returns

Pure-play upstream, global oil and gas producer

- High quality, diverse cash generative portfolio
- Attractive international growth opportunities
- Track record of disciplined, value-accretive M&A
- Well positioned to play a significant role in the energy transition
- Robust financial position

Optionality over future capital allocation

Potential to be net debt free in 2024

Additional shareholder returns

Meaningful M&A