



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	987 989 297
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	BLUENORD ASA
Forretningsadresse:	Nedre Vollgate 3 0158 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Tone Lise Pedersen
Dato for fastsettelse av årsregnskapet:	30.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 07.08.2024



Resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2,14	2 000 000	2 000 000
Sum inntekter		2 000 000	2 000 000
Kostnader			
Lønnskostnad	10,14	4 000 000	4 000 000
Annen driftskostnad	13,14	4 000 000	3 000 000
Sum kostnader		8 000 000	7 000 000
Driftsresultat		-6 000 000	-5 000 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		25 000 000	16 000 000
Annen renteinntekt		0	0
Annen finansinntekt		2 000 000	
Sum finansinntekter		27 000 000	16 000 000
Annen rentekostnad		33 000 000	33 000 000
Agio		12 000 000	8 000 000
Impairment of financial assets	11	3 000 000	
Other financial expenses		56 000 000	
Sum finanskostnader		104 000 000	41 000 000
Netto finans		-77 000 000	-25 000 000
Ordinært resultat før skattekostnad		-83 000 000	-30 000 000
Ordinært resultat etter skattekostnad		-83 000 000	-30 000 000
Årsresultat		-83 000 000	-30 000 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-83 000 000	-30 000 000
Sum overføringer og disponeringer		-83 000 000	-30 000 000



Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	3	394 000 000	393 000 000
Lån til foretak i samme konsern	11	311 000 000	300 000 000
Restricted cash	4	61 000 000	65 000 000
Sum finansielle anleggsmidler		766 000 000	758 000 000
Sum anleggsmidler		766 000 000	758 000 000
Omløpsmidler			
Varer			
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		6 000 000	18 000 000
Sum bankinnskudd, kontanter og lignende		6 000 000	18 000 000
Sum omløpsmidler		6 000 000	18 000 000
SUM EIENDELER		772 000 000	776 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		2 000 000	30 000 000
Overkurs		768 000 000	707 000 000
Sum innskutt egenkapital		770 000 000	737 000 000
Opptjent egenkapital			
Annen egenkapital		-391 000 000	-315 000 000
Sum opptjent egenkapital	7,8	-391 000 000	-315 000 000



Balanse

Beløp i: USD	Note	2022	2021
Sum egenkapital		379 000 000	422 000 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Konvertible lån	5	223 000 000	189 000 000
Obligasjonslån	5	167 000 000	165 000 000
Sum annen langsiktig gjeld		390 000 000	354 000 000
Sum langsiktig gjeld		390 000 000	354 000 000
Kortsiktig gjeld			
Trade payable		1 000 000	0
Other current liabilities		2 000 000	1 000 000
Sum kortsiktig gjeld		3 000 000	1 000 000
Sum gjeld		393 000 000	355 000 000
SUM EGENKAPITAL OG GJELD		772 000 000	777 000 000



Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Revenue	4	967 000 000	565 000 000
Sum inntekter		967 000 000	565 000 000
Kostnader			
Personnel expenses	7	13 000 000	11 000 000
Depreciation	10	133 000 000	112 000 000
Production expenses	5	323 000 000	293 000 000
Exploration expenses	6	1 000 000	1 000 000
Other operating expenses	8	19 000 000	11 000 000
Sum kostnader		489 000 000	428 000 000
Driftsresultat		478 000 000	137 000 000
Finansinntekter og finanskostnader			
Annen finansinntekt	12	59 000 000	28 000 000
Sum finansinntekter		59 000 000	28 000 000
Annen finanskostnad	12	288 000 000	160 000 000
Sum finanskostnader		288 000 000	160 000 000
Netto finans		-229 000 000	-132 000 000
Ordinært resultat før skattekostnad			
Skattekostnad på ordinært resultat	13	279 000 000	58 000 000
Ordinært resultat etter skattekostnad		-30 000 000	-53 000 000
Årsresultat		-30 000 000	-53 000 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-30 000 000	-53 000 000
Sum overføringer og disponeringer		-30 000 000	-53 000 000



Konsernets balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Licence and capitalised exploration	9	160 000 000	166 000 000
Utsatt skattefordel	13	349 000 000	526 000 000
Sum immaterielle eiendeler		509 000 000	692 000 000
Varige driftsmidler			
Property, plant & Equipment	10	1 912 000 000	1 899 000 000
Right of Use Asset		1 000 000	1 000 000
Sum varige driftsmidler		1 913 000 000	1 900 000 000
Finansielle anleggsmidler			
Restricted cash	17,18	204 000 000	205 000 000
Derivative Instruments	18	33 000 000	10 000 000
Receivables non-current	15	1 000 000	
Sum finansielle anleggsmidler		238 000 000	215 000 000
Sum anleggsmidler		2 660 000 000	2 807 000 000
Omløpsmidler			
Varer			
Fordringer			
Derivative Instruments	18	131 000 000	0
Trade receivables	15	129 000 000	109 000 000
Inventories	16	56 000 000	51 000 000
Sum fordringer		316 000 000	160 000 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		268 000 000	123 000 000
Sum bankinnskudd, kontanter og lignende		268 000 000	123 000 000
Sum omløpsmidler		584 000 000	283 000 000
SUM EIENDELER		3 244 000 000	3 090 000 000



Konsernets balanse

Beløp i: USD	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	19	2 000 000	30 000 000
Sum innskutt egenkapital		2 000 000	30 000 000
Opptjent egenkapital			
Annen egenkapital		601 000 000	463 000 000
Sum opptjent egenkapital		601 000 000	463 000 000
Sum egenkapital		603 000 000	493 000 000
Gjeld			
Langsiktig gjeld			
Asset retirement obligations	21	946 000 000	1 003 000 000
Sum avsetninger for forpliktelser		946 000 000	1 003 000 000
Annen langsiktig gjeld			
Konvertible lån	22,18	188 000 000	157 000 000
Obligasjonslån	22,18	167 000 000	165 000 000
Gjeld til kredittinstitusjoner	22,18	764 000 000	857 000 000
Derivative Instruments	18	90 000 000	101 000 000
Other non-current liabilities	22	1 000 000	25 000 000
Sum annen langsiktig gjeld		1 210 000 000	1 305 000 000
Sum langsiktig gjeld		2 156 000 000	2 308 000 000
Kortsiktig gjeld			
Betalbar skatt	13	209 000 000	16 000 000
Asset retirement obligations	21	10 000 000	26 000 000
Derivative instruments	18	125 000 000	116 000 000
Other current liabilities	23	141 000 000	130 000 000
Sum kortsiktig gjeld		485 000 000	288 000 000
Sum gjeld		2 641 000 000	2 596 000 000



Konsernets balanse

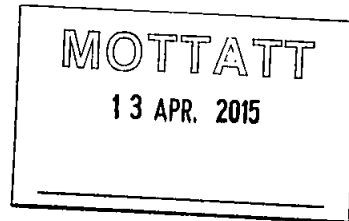
Beløp i: USD	Note	2022	2021
SUM EGENKAPITAL OG GJELD		3 244 000 000	3 089 000 000



Skattedirektoratet

Saksbehandler Geir Johannessen	Deres dato 26.03.2015	Vår dato 09.04.2015
Telefon 22 07 73 25/22 66 11 14	Deres referanse Odd Arne Slettebo	Vår referanse 2011/813379

NORWEGIAN ENERGY COMPANY ASA
Postboks 550 Sentrum
4003 STAVANGER



Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Norwegian Energy Company ASA, org.nr. 987 989 297

- Det vises til deres brev av 26. mars 2015, der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Norwegian Energy Company ASA fra og med regnskapsåret 2014.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Norwegian Energy Company ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk fra og med regnskapsåret 2014, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Norwegian Energy Company ASA er et allmennaksjeselskap registrert i Norge og med hovedkontor i Stavanger. Selskapet har datterselskaper i Norge, Danmark og Storbritannia. Selskapets formål er leting etter og produksjon av olje og naturgass. Selskapet er notert på Oslo Børs. Dispensasjon i forhold til språkravene i vphl. § 5-13 er mottatt fra Oslo Børs og vedlagt søknaden. Norwegian Energy Company ASA har en stor andel utenlandske aksjonærer. Etter at en planlagt restrukturering ble gjennomført 24. mars 2015, eies 61 % av selskapets aksjer av utenlandske aksjonærer. Utstedelsen av nye aksjer ble gjennomført som et ledd i restruktureringen og tilsvarte 92 % av utestående aksjer i selskapet. Emisjonen ble rettet mot eksisterende obligasjonseiere mot delvis konvertering av obligasjonsgjeld. Selskapet har totalt ca. 5 500 aksjonærer, og 4 % av disse er utenlandske. Dette innebærer at de store aksjepostene eies av utenlandske aksjonærer. Selskapet har også et obligasjonslån (NORIO) som er notert på Oslo Børs. De utenlandske obligasjonseierne utgjør rundt 12 % av antall obligasjonseiere, men eier 63 % av utestående obligasjoner. Selskapet forventer at andelen av profesjonelle og institusjonelle investorer vil være høy både i selskapets noterte obligasjonsinstrumenter og i dets aksjer. For investeringer i obligasjonsmarkedet er det en høy terskel for investeringer og markedet preges av profesjonelle aktører. Ved at majoriteten av selskapets utestående aksjer nylig er utstedt til obligasjonseiere, forventes andelen av profesjonelle investorer som har investert i selskapets egenkapitalinstrumenter også å være betydelig. Selskapet

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Postboks 9200 Grønland
0134 Oslo

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Se www.skatteetaten.no
Org.nr 996250318
E-post: skatteetaten.no/sendepost

Sentraltbord
800 80 000
Telefaks
22 17 08 60



har utenlandske styremedlemmer. Alle styremøter avholdes således på engelsk. Engelsk er også arbeidsspråket internt i selskapet, og intern rapportering i selskapet skjer i all hovedsak på engelsk. Selskapet opererer i en internasjonal bransje hvor engelsk er det dominerende arbeidsspråket. Både selskapets kunder og leverandører er komfortable med å forholde seg til engelskspråklig finansiell informasjon. Norwegian Energy Company ASA har ut fra gjeldende børskurs en lav markedsverdi, og det er p.t. ikke utsikter til, eller planer om, høy vekst. Selskapet og konsernet vurderes derfor ikke til å ha stor samfunnsmessig betydning eller være av særlig interesse for lokalmiljøet. Datterselskapet Noreco Norway AS har tidligere fått innvilget søknad om unntak fra norsk språk i årsregnskapet. Som ledd i restruktureringen har Noreco Norway AS blitt ny utsteder for obligasjonslånet NORO6. Norwegian Energy Company ASA var tidligere utsteder for dette obligasjonslånet. Også dette obligasjonslånet har en stor andel av utenlandske obligasjonseiere, hvor ca. 56 % av utestående obligasjoner eies av utenlandske investorer. Bakgrunnen for å søke om å kunne utarbeide informasjonspliktig informasjon på engelsk er således basert på en kost- nytte vurdering i forhold til hvem som er de primære brukerne av informasjonen. Selskapet mener at informasjonsbehovet blir fullt ut ivaretatt ved å avlegge årsregnskap og årsberetning på engelsk språk. Det er også selskapets vurdering at en videreføring av dagens praksis hvor informasjon utarbeides og avlegges på norsk og deretter oversettes, medfører et betydelig merarbeid og kan redusere kvaliteten av informasjonen. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav i og med at det er innvilget dispensasjon fra Oslo Børs i forhold til språkkravene i vphl. § 5-13.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra



kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet driver virksomhet innen en internasjonal bransje der alle vesentlige aktører behersker og benytter engelsk språk, og at selskapets arbeidsspråk er engelsk. Videre er det vektlagt at en vesentlig andel av selskapets aksjekapital og utestående obligasjoner eies av utenlandske investorer, samt at det forventes at andelen av profesjonelle og institusjonelle investorer vil være høy.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
Seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Geir Johannessen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer





Annual Report and Accounts 2022

Delivering progress



Introduction

Welcome to the BlueNord¹ Annual Report for 2022. BlueNord is the proposed new name for Norwegian Energy Company ASA, also known as Noreco, ("BlueNord"). We are a strategically important European oil and gas company that specialises in producing and developing resources, and in activities which support the energy transition. BlueNord helps deliver the energy security that millions of people rely on, while creating value for all of our stakeholders.



Strategic Report

Highlights of the Year

Revenue

\$967m
+71%

EBITDA

\$611m
+145%

Operating cash flow 2021 adjusted VAT 2020, paid 2021

\$561m
+172%

Total liquidity (cash and undrawn facilities)

\$468m
+110%

Investing in vital assets

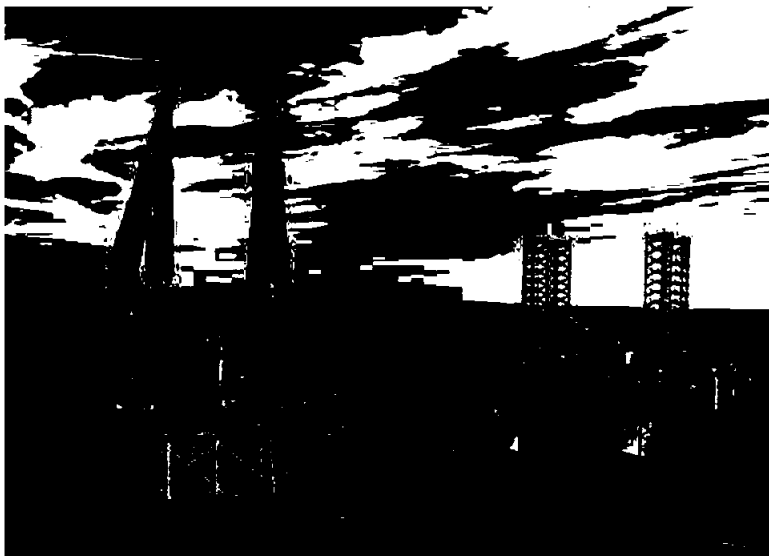
During 2022, our assets helped to provide Europe with energy for heating, electricity generation and for powering industry. By focusing our investment on further growing gas production, we will continue to meet consumer needs during 2023 and beyond. We will also support the energy transition by helping to offset higher carbon intensive sources of energy (e.g. coal), and by participating in carbon capture and storage (CCS) projects that will support the global journey to net zero.

Find out more [on page 18](#)

Operational highlight

BlueNord delivered strong production in 2022 with a yearly average of 26.7 mboepd compared with 26.9 mboepd in 2021. Natural reservoir decline was mitigated by well interventions, well stimulations and restoration of inactive wells. Operational efficiency was 90 percent (excluding third-party shutdown) compared with 84 percent in 2021. This was achieved through focus on maintenance and robust operational procedures.

Find out more [on page 30](#)



* The Company's formal, legal name is 'Norwegian Energy Company ASA' – often referred to as 'NORECO' or 'Noreco'. The Board of Directors has proposed that the name is changed to 'BlueNord'. The change of name will become effective following, and subject to, approval by the Annual General Meeting in the Company, expected to be held on or about 25 April 2023. In anticipation of the aforementioned approval, the Company has used 'BlueNord' for the purposes of this document.

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Strategic Report



BlueNord
Annual Report and Accounts 2022

3



At a Glance

Balancing energy security with the energy transition

Ownership of vital assets

BlueNord is currently listed on the Oslo Stock Exchange. We operate in the Danish North Sea with a 36.8 percent interest in the Danish Underground Consortium (DUC), producing oil and gas from three operational hubs. A fourth, Tyra, is being redeveloped and is set to start production in winter 2023-24.

Our strategy and purpose

At our core, our objective is to balance energy security and the demands of the energy transition. From a corporate perspective, we believe doing this best enables us to deliver long-term value for our shareholders and maximise BlueNord's contribution to our broader set of stakeholders.

BlueNord will produce oil and gas within Europe while it is required. We will make the investments in supply required to help ensure energy prices are affordable to consumers, both residential and industrial. We will invest in the near-term acceleration of gas to help balance supply and demand. We will seek to lower overall emissions by producing more gas which will offset higher carbon intensive sources of energy like coal, investing in emissions reduction initiatives for existing producing assets, and investing in activities that support a net zero society.

Ultimately, our purpose is to provide Europe with the energy it needs today, tomorrow, and in the net zero future to come.

2019

BlueNord completes the acquisition of Shell's Danish upstream assets, establishing us as the second largest oil and gas producer in Denmark

36.8%

Size of the interest held by BlueNord in DUC, the DUC is a key contributor to EU energy security with direct export routes to continental Europe

20+ yrs

Lifespan of production from the Tyra field when redevelopment is complete in winter 2023-24 and constrained only by concession expiry

BNOR

The company is currently trading under the ticker "NOR" and will, subject to, and shortly following a shareholder approval in the Annual General Meeting, be trading under the ticker "BNOR"

~90%

Expected increase of net production with redeveloped Tyra

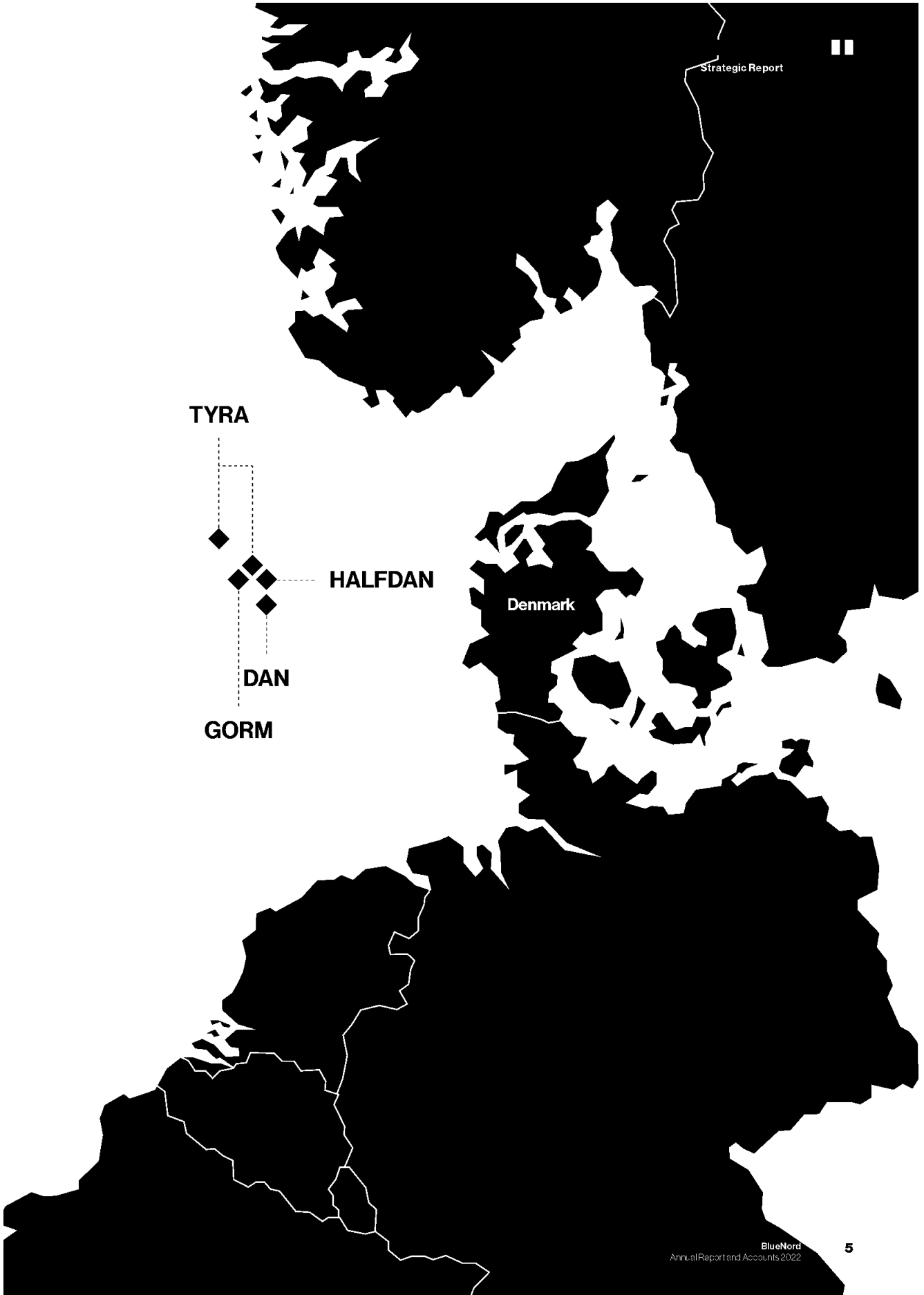
30%

Expected reduction in field emissions intensity with redeveloped Tyra

220 million

BlueNord has 2P reserves and near-term 2C contingent resources of 220 million barrels of oil equivalent (mmboe) as of 31 December 2022







Timeline

Focused on delivery

Since 2019, we have been working to maximise returns on our investment in the DUC and today our Company is going from strength to strength.

Successful completion of acquisition of Shell's Danish upstream assets which makes BlueNord the second largest oil- and gas producer in the Danish North Sea, raised gross proceeds of c. USD 550 million in a private placement, convertible bond issue (NOR13) and a subsequent offering.
Temporary shut-in of Tyra.
Issuance of senior unsecured NOR14 bonds.

Year End 2P reserves (boe)
209 million

Year End net production (boe)
5.5 million
from acquisition 1 August 2019

Share buyback of 438,161 own shares.
Safe removal of the old Tyra platforms.
Installation of new Tyra II jackets.

Year End 2P reserves (boe)
201 million

Year End net production (boe)
10.4 million



Successful closing of USD 1.1 billion RBL with ESG-linked KPIs.
Sail away and offshore installation of three Tyra East platforms.
Enters into CCS partnership Project Bifrost.
Successful grant of EUDP funding for Project Bifrost.

Year End 2P reserves (boe)

200 million

Year End net production (boe)

9.8 million

Completion of offshore installation campaign of the four Tyra West- and accommodation- and utility platforms.
Successful offshore lift and installation of the Tyra II TEG, bridges and flare tower – all eight platforms in place.
Tyra II HUC milestone: Safe access and temporary power.
Amendment and improvement of NOR13 with a successful voluntary exchange offer into USD 208 million NOR15 convertible bonds.
Entered into CarbonCuts.

Year End 2P reserves and near-term 2C resources (boe)

220 million

Year End net production (boe)

9.8 million

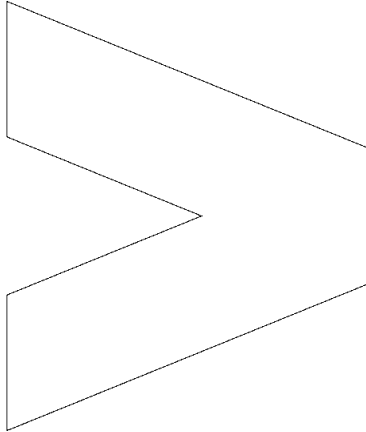
Our Differentiators

A robust business with strong long-term growth potential



BlueNord has built a strategically important portfolio of energy assets and today, as part of the DUC, this includes four hubs and 15 fields on the Danish continental shelf with over 50 years history of oil and gas production.

BlueNord has a differentiated business model, being entirely non-operated with a clear focus on maximising shareholder returns through a meaningful and sustainable distribution profile, which makes it an excellent platform for creating future value.



BlueNord's growth oriented business model and strategy

Find out more on page 16

Growth

- The near-complete Tyra redevelopment, which will more than double our net production, means material growth is embedded in our portfolio. Our substantial reserve and resource base supports our long-term production profile to at least 2042 and there exists highly attractive short-cycle infill drilling opportunities to develop resources, and ample long-term growth potential.

Energy transition

- BlueNord has a balanced commitment to energy security and the energy transition. We continue to focus on reducing emissions intensity through investments, while producing the gas required by the current supply-demand landscape, and supporting the journey to net zero with fit-for-purpose investments.

Cash flow

- Significant cash flow is expected once Tyra is onstream, and we are fully committed to meaningful shareholder distributions. This will also further augment our robust balance sheet with significant liquidity, and long-term visibility will remain through commodity price hedging.

Experience

- Our senior team is highly experienced and has a proven operational track record throughout our organisation. As an engaged DUC partner, we play a meaningful role in DUC direction and activity, ensuring a well-managed portfolio (operated by TotalEnergies) with high uptime, and with significant potential for further near-term optimisation.

\$468m

Total liquidity
(cash and undrawn facilities)

2nd

Largest oil and gas producer
in Denmark

33

Highly skilled employees

Letter from the Executive Chair

Solid foundations for shareholder value creation



Since the acquisition of Shell's upstream assets in Denmark in 2019, BlueNord has transformed into a business with solid foundations supporting near and longer-term returns for shareholders. This has been achieved by a consistent focus on capital discipline and maximising long-term capital returns, reflecting the dedication, commitment, and ability of the team in place.

Riulf Rustad
Executive Chair

“ As BlueNord we are in pole position to become a leading European independent gas producer and to continue to create value for the Company’s stakeholders.

Volatility in commodity prices continued into 2022, particularly in gas, with European economies seeking to shore up supplies, following the Russian invasion of Ukraine early in the year. Prices dropped from their peak later in 2022, as the effects of a milder autumn across Europe resulted in higher than anticipated stocking levels. However, while writing this, we are still facing high prices in a historical context due to the fundamental underinvestment in supplies during the past ten years and a continued strong demand-side.

A year of challenge and growth

2022 was characterised by deglobalisation, the continued effect of COVID-19, and the invasion of Ukraine, resulting in countries scrambling to secure supplies of key resources, including energy. As geopolitical tensions remain, the focus on shorter and more secure supply lines is expected to continue in 2023. This only serves to emphasise the importance of projects such as our infill drilling campaigns and Tyra II, which will make meaningful contributions to energy security in Denmark and Europe more widely.

Against the background of these global events, BlueNord will continue to assess its options for growth. Based on a strong performance in 2022, operationally and financially, BlueNord is in a strong position, giving the Company flexibility, and helping to ensure it can continue to maximise the return on capital employed.

The growing strength of BlueNord is supported by a diverse and cash generative asset base. Whereas the focus has been on maximising output from the existing producing assets, BlueNord is heading towards becoming a dividend-paying company with a more balanced exposure to both gas and liquids.

This has already been recognised in the Company’s financial performance, with record revenues and EBITDA in 2022, that enabled the Company to voluntarily repay USD 100 million of its debt facility in Q3. It also means the Company is fully funded for Tyra despite the shift in schedule with increased headroom and lower leverage, which increases our options to maximise shareholder value.

Significant reductions in emissions

BlueNord continually evaluates how to appropriately manage its responsibilities towards the environment and other stakeholders. The CCS projects Bifrost and CarbonCuts are investments with potential for both medium and long-term tangible contributions to just that. Alongside other measures to minimise emissions, and as production pivots towards gas over the next 12 months, the Company will see emissions intensity reduce significantly.

While the world is rightly heading towards net zero, gas is expected to remain a key transition fuel, supporting energy security and quality of life. With Tyra II on stream, the BlueNord contribution towards keeping people warm and the economic wheels turning will be material. We will also support wider regional emissions reduction, by replacing emissions heavy LNG imports and coal with locally produced gas, in line with Danish and EU ambitions.

In conclusion

I, along with the rest of the Board, would like to take this opportunity to thank the management team for all their hard work in guiding BlueNord to where it is today. I would also like to congratulate Euan on his permanent appointment as CEO of the Company, during what has been a very good year for the business.

With a clear line of sight to production more than doubling and an increasingly strong financial position, the options open to us for further value creation are greater now than they have ever been. Following several transformational years, the Board and I have high expectations and ambitions for the future of the Company. As we step into the future, we would like to do so in a way that is reflective of our overall strong position, and the upcoming step-change in gas production we will see with Tyra II. While we will always treasure yesterday, we are today facing the future as a forward-leaning and exciting company, which will be named BlueNord. As BlueNord, we are in pole position to become a leading European independent gas producer and to continue to create value for the Company’s stakeholders.

Riulf Rustad
Executive Chair



Voluntary debt repayment in 2022 made possible by record revenues (USD)
\$100m



Letter from the Chief Executive Officer

Delivering across the portfolio



BlueNord had an exceptionally strong 2022, successfully delivering both operationally and financially. The Company is well positioned for 2023 and beyond.

Euan Shirlaw
Chief Executive Officer



When I joined Noreco in 2019, immediately following the acquisition of Shell's upstream assets in Denmark, we knew we had a very strong base however were naturally still finding our feet as a revived company. Now, with significant progress made, we confidently know who we are, what we represent, our purpose and what values are important to us.

It is against that backdrop that we introduce to you today BlueNord, the new name for Noreco. BlueNord is reflective of our values; bold, purposeful and dependable, while it also represents our purpose to maximise gas production for as long as required – an act balancing both the needs for Energy Security and the Energy Transition.

It is also my pleasure to report that BlueNord begins its life in an excellent position, following a year of consistent delivery and with a clear plan that will enable a continued strong performance.

During 2022, we delivered strong operational performance across our three currently producing hubs, showcasing the strength of our assets and the substantial de-risking of Tyra with all eight modules now successfully and safely installed offshore. Today, BlueNord is a multi-asset platform that offers attractive exposure to a profitable and growing production base.

On the back of strong production performance and a supportive commodity price environment, BlueNord delivered a record financial performance in 2022. Revenue increased by 71 percent and EBITDA increased 145 percent. BlueNord also generated free cash flow of USD 246 million during the year and was able to use part of this to repay USD 100 million of its Reserve based lending (RBL) facility, resulting in year-end total liquidity of USD 468 million.

BlueNord exits the year with a strengthened financial position and a robust balance sheet that, in turn, increases flexibility as we move into 2023. Going forward, we will continue to act based on our disciplined approach to capital allocation, prioritising returns to shareholders through a meaningful and sustainable distribution profile. Future opportunities for organic investment will be viewed through this lens, and considered on the basis of how they contribute to our overall objective of maximising both shareholder value and capital returns.

Production

Production in 2022 was at the top end of expectations, resulting in guidance being increased on five separate occasions during the year. For 2022 overall, production was 26.7mboepd, which represents a one percent decline when compared with 2021 (26.9mboepd). Comparison with our initial guidance of 23.5 to 25.5mboepd at the start of 2022 demonstrates the extent to which the assets outperformed during the period.

This performance was the result of our concerted focus, along with the operator, to drive higher production levels. In addition to specific activities that added volumes, the operator also delivered high operational efficiency by significantly reducing the maintenance backlog.

Production levels were supported by work that began in H2 2021, including the successful completion of workovers, well scale squeezes, wells being brought back into production and the material success of the HCA restimulation campaign, which took place in Q3 and saw production from those wells increase by approximately three times and led to a reweighting of our overall production towards high value gas. Broadly flat production year-on-year was achieved despite the planned shutdown of the NOGAT pipeline in Q3, for its ten-year maintenance.

The production performance and work undertaken over the last 12 months further reaffirms the opportunity presented by the Company's existing producing assets.

In the near to medium-term, seven infill well opportunities have been identified. Final Investment Decision (FID) was taken on two of these wells in December 2022, with the first well to be drilled, by Shelf Drilling Winner, in spring. These wells are expected to increase gas production from the Halfdan field, with initial production of 3mboepd and plateau production in the autumn. These are short-cycle investment opportunities with attractive economics, that benefit from the existing infrastructure we have within the DUC.

Workover and well optimisation and management programmes will continue in 2023, supporting ongoing production volumes.



Revenue increase in 2022

71%

EBITDA increase in 2022

145%



Letter from the Chief Executive Officer continued

There is also the opportunity to support our medium-term production profile with the Adda, Valdemar Bo South and Halfdan North development projects. Adda is a gas-weighted opportunity, with net 2C resources of 19mmboe, while Valdemar Bo South and Halfdan North are oil weighted, net 2P reserves of 11mmboe and net 2C resources of 14mmboe respectively.

Tyra II

2022 saw the significant de-risking of the Tyra asset and clear line of sight to first gas in winter 2023/24, with a P50 estimate of December. Tyra II at plateau will contribute to a more than doubling of the Company's production to c. 55,000boepd. It will also substantially reweight production to gas, reduce lifting cost by more than 40 percent to USD 13 per barrel of oil equivalent, and reduce the Company's emissions intensity by 30 percent in line with our sustainability objectives.

The inflection point for the project was the successful installation of the Tyra East G (TEG) module in October. The lift was undertaken by the world's largest offshore crane vessel, the Heerema Marine Contractors' Sleipnir, less than 24 hours from arrival, significantly ahead of expectations. At 17,000 tonnes, it broke a world record for the heaviest crane lift conducted at sea.



Tyra gas production will make a material contribution to energy security in Denmark and the wider region... providing enough energy to power the equivalent of 1.5m homes.

Shortly thereafter, with the installation of the two remaining bridges and a flare stack, Tyra II was in final form, with all eight platforms installed. This is a significant achievement and reflects the hard work and dedication of the people involved.

Strategically, Tyra II is a key asset to European energy security with net 2P reserves of 74.4mmboe to 2042, it will provide enough gas to power the equivalent of 1.5 million homes and allow Denmark to become a net gas exporter. Gas is forecast to remain a key transition fuel across many markets for some considerable time, resulting in continued strong demand in Europe and further afield.

Carbon Capture and Storage

BlueNord is actively assessing the long-term potential for CCS, both within its existing asset base in the DUC and beyond. Through Project Bifrost, where we are partner alongside TotalEnergies and the NSF, we are undertaking early-stage studies to determine the feasibility of CO₂ transport and storage using existing infrastructure at the Harald reservoir.

During 2022, BlueNord also made a strategic investment in CarbonCuts, a start-up company focused on assessing the potential for onshore CCS in Denmark. Combined with Bifrost, BlueNord has a portfolio of opportunities that will allow us, in the future, to progress those that best fit our profile at the time.

Reserves

At the end of 2022, BlueNord has audited 2P reserves and near-term 2C contingent resources of 220mmboe, compared to our 2P reserves of 200mmboe at the end of 2021. Our reserve and resource base as audited by RISC now reflects the planned development activities for the DUC, with four infill wells and two projects (HCA gas lift and Valdemar Bo South) included in 2P reserves and a further two infill wells and two projects (Adda and Halfdan North) included in near-term contingent resources. The inclusion of near-term contingent resources in RISC's evaluation for 2022 with a committed operator and attractive, identified investment opportunities driving significant volume additions.

HSE and Sustainability

HSE and sustainability are core themes to BlueNord. The Company aims to undertake its activities and to support the operation of the DUC assets to the highest of industry standards and to conduct business with integrity at all levels.



Health and safety form a core part of the Company's culture and is central to every decision. This is made possible by the strength and depth of the BlueNord team, allowing HSE to be properly considered at every level.

The Company is committed to reducing emissions from the DUC operations by 400-500 thousand tonnes towards 2030. Emissions per barrel of oil equivalent are expected to decrease by 30 percent once Tyra is onstream, while at the same time the Company's production will materially reweight to the transition fuel of gas.

Tyra gas production will make a material contribution to energy security in Denmark and the wider region. It will keep consumers warm while powering industry and the wider economy, supporting jobs and living standards. While gas remains an important economic and social enabler, it will drive the social value and sustainability of our business.

Team

I would like to thank the entire BlueNord team for their efforts over the last 12 months: across all of our departments, they have consistently demonstrated the value of their underlying technical, operational, financial and wider corporate skills to deliver for us as a Company. A strong 2022 that I look forward to being repeated in 2023 and beyond.

Financials

Revenue increased significantly during the year to USD 967m (2021: USD 565m). The increase in revenue reflected a strong production performance, combined with a supportive commodity price environment and increased production weighting to gas, post the HCA restimulation campaign.

EBITDA for the year of USD 611m (2021: USD 250m). The drivers for this higher outcome are in line with those that impacted our revenue.

Despite the shift in first production for Tyra, the Company has seen its balance sheet position improve during 2022, with USD 100m of the RBL being repaid in Q3 on the back of strong cash flows. With current liquidity of USD 468m, BlueNord has more than sufficient headroom to deliver on Tyra, and with continued strong cash flows and a year end cash position of USD 268m, it is increasingly well placed to deliver further and consider distributions in due course.

In order to simplify and enhance BlueNord's capital structure, in Q4 we amended the NOR13 bond. This resulted in various changes including an increase in the principal to reflect the change in value of NOR13 due to the Company's strong share price performance in 2022, a higher conversion price and also an extended maturity to December 2025 from November 2023. Post approval, this resulted in an exchange offer into a new USD 208m subordinated convertible bond, NOR15.

The Company's hedging policy has focused on ensuring the necessary level of forward cash flow visibility. During 2022, we successfully amended our hedging requirements under our RBL facility, reducing the levels that are required to be hedged and ensuring we maximise our flexibility to put price hedge volumes only where we believe it is in the best interest of all our stakeholders. The gas price hedging we put in place in H2 2022 at levels significantly above current spot prices is a strong demonstration of this.

Outlook

Looking ahead to 2023, the focus will remain on maximising the value from the existing producing assets, while also ensuring first production from Tyra as planned in winter 2023/24. To maximise the opportunity from existing assets there is a clear plan in place, consisting of infill wells, workovers and reservoir optimisation. Rigs necessary to undertake this work are on long-term contracts and the various work programmes are progressing as planned.

BlueNord therefore remains well placed to continue to deliver on its plans and guidance for this year and to drive value for all stakeholders in the short, medium and longer term. We will provide further reports as additional progress is made throughout the year and we look forward to the rest of 2023 and beyond with confidence.

Euan Shirlaw
Chief Executive Officer



Assets overview

Find out more about our assets.

[Find out more on page 18](#)

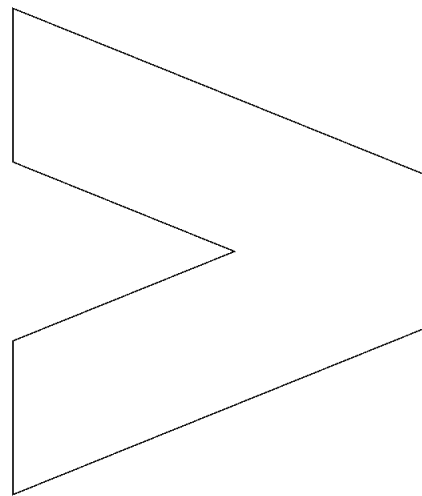
Business Model and Strategy

A robust business with strong long-term growth potential

With over 50 years of oil and gas production from the DUC and at least 20 years remaining, BlueNord has a strategically important portfolio of energy assets.



Our approach is founded on our vision: to become one of the leading independent producers of gas in Europe.



Our approach to creating value for all of our stakeholders

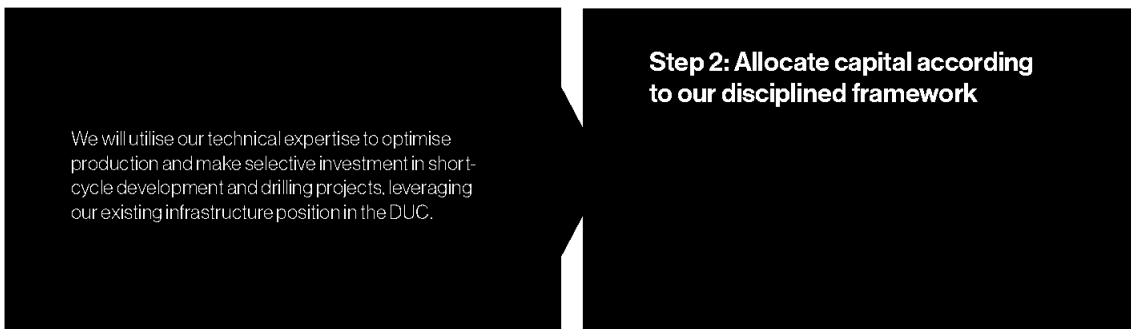
BlueNord stakeholders include our partners, our shareholders, our lenders, the communities in which we operate, and our outstanding team of professional people. We bring these groups together to provide Europe with the energy it needs, while in the process delivering long-term value and cash-flow generation.

In practice, this means that we have a very clear focus on maximising the value and cash flow potential of our portfolio, combined with a disciplined approach to allocating capital in order to ensure that we best meet the objectives of all of our stakeholder groups.

Our approach is founded on our vision: **to become one of the leading independent producers of gas in Europe.**

BlueNord also has a clear commitment to prioritising returning capital to shareholders once the Tyra II project is on stream and, going forward, we will ensure that future investments are balanced and focused on our goal of maximising the long-term cash generation of the business.

Our approach can be summarised as a two-step process:





BlueNord's strategic priorities for 2022:

01

Deliver maximum contribution from the base business

02

Deliver Tyra II

03

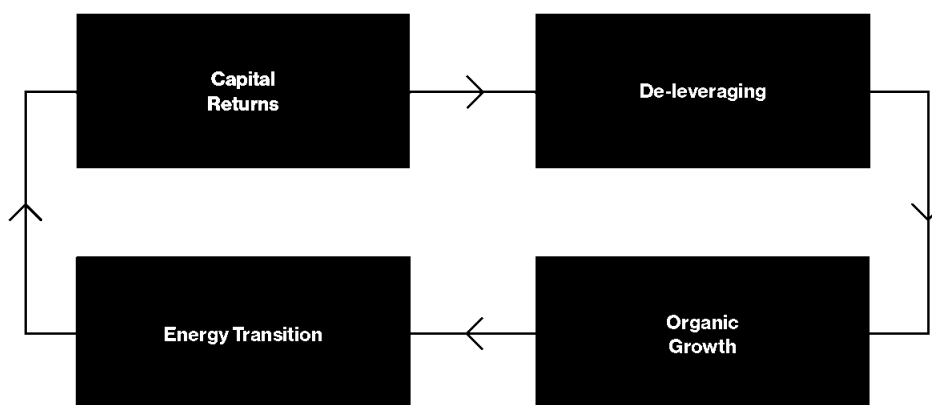
Deliver the long-term potential of the portfolio, while also continuing to balance the complementary objectives of energy security and energy transition



BlueNord's core values are Bold, Purposeful and Dependable.

Find out more [on page 52](#)

Disciplined Capital Allocation



A year of strong progress towards our strategic priorities

To achieve BlueNord's strategic priorities we worked with the operator to support optimisation of the three hubs currently operating in the DUC. At the same time, redevelopment of Tyra continued, working towards first gas in winter 2023-24.

We also invested to deliver further gas production and activities that support the transition to net zero, recognising that these opportunities must be fit for purpose and appropriate for the BlueNord balance sheet. In summary, in 2022, we:

- delivered net production of 26.7mboe/d, above the top end of expectations at the start of the year; as a result of the positive commodity price environment during 2022, this production also resulted in significant cash flow generation;
- successfully advanced and substantially de-risked the Tyra II project, with all eight offshore modules installed by the end of October 2022;
- strengthened our position in Denmark, in part a recognition of the important role the business has to play in supporting energy security;
- participated in Project Bifrost, the ongoing study of the potential for CCS using the DUC infrastructure; and
- supported CarbonCuts, an onshore CCS opportunity which provides BlueNord optionality with regards to future activities in this area.

Factors that supported our successful 2022

- Exercising BlueNord control and leveraging **internal capabilities**, including our role and engagement within the DUC where we continued to positively influence and support our stakeholders, thanks to our active, capable and motivated team, and a supportive capital structure.
- Progressing opportunities for **creating value** and maximising cash-flow generation, accelerating short-cycle, gas-weighted projects, and considering selective investment in longer-term, larger-scale developments.
- Continued to **enhance and strengthen our balance sheet** through proactive steps to simplify the capital structure, optimise hedging requirements and reduce finance costs.
- Focused decision making** based on a clear capital allocation framework; always looking through the lens of prioritising value to support distributions to shareholders and ensuring that we are disciplined in allocating capital, today and tomorrow.

Find out more about our success factors on [pages 8 and 9](#).

A year of strong progress has positioned BlueNord well for 2023 and beyond. At the start of 2023, the Company is continuing to work with the operator to optimise the Tyra II hook-up and commissioning programme that is currently underway, and which will support first gas in winter 2023-24.



Overview of Assets

Our asset portfolio includes four hubs and 15 producing fields. Three hubs are currently producing and one hub is under redevelopment.

The Danish Underground Consortium (DUC), which started production in 1972, are located in the Central Graben sector of the North Sea. The DUC is comprised of 15 fields, four export pipelines and significant infrastructure. Production is routed via four hubs: Halfdan, Tyra, Dan and Gorm. The four export pipelines secure exports from the hubs to the Danish mainland and the international market.

The DUC accounts for nearly 90 percent of the oil and gas that is produced in the Danish North Sea.

The DUC is the owner of the Danish North Sea's key infrastructure points. The bulk of Denmark's oil and gas production is transported onshore via the Gorm and Tyra hubs.

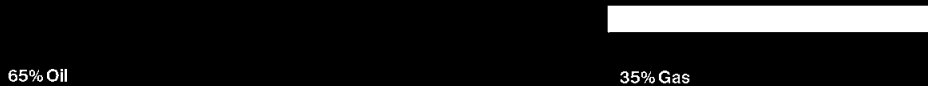
The Tyra Gas pipeline runs between the Tyra platform and the F3/FB platform in the Dutch part of the North Sea. From here the gas is fed into the NOGAT pipeline, which carries it to the Netherlands and the Dutch supply system.

of Danish oil and gas production

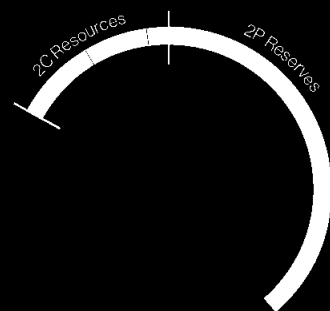
Production mboepd (net)

2P reserves and near-term 2C contingent resources mmboe (net)

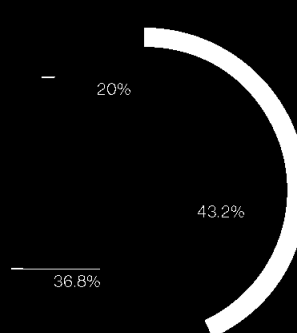
Commodity mix of 2P reserves and near-term 2C contingent resources: total = 220mmboe



2P reserves by hub and near-term 2C resources by project (total 220 mmboe)



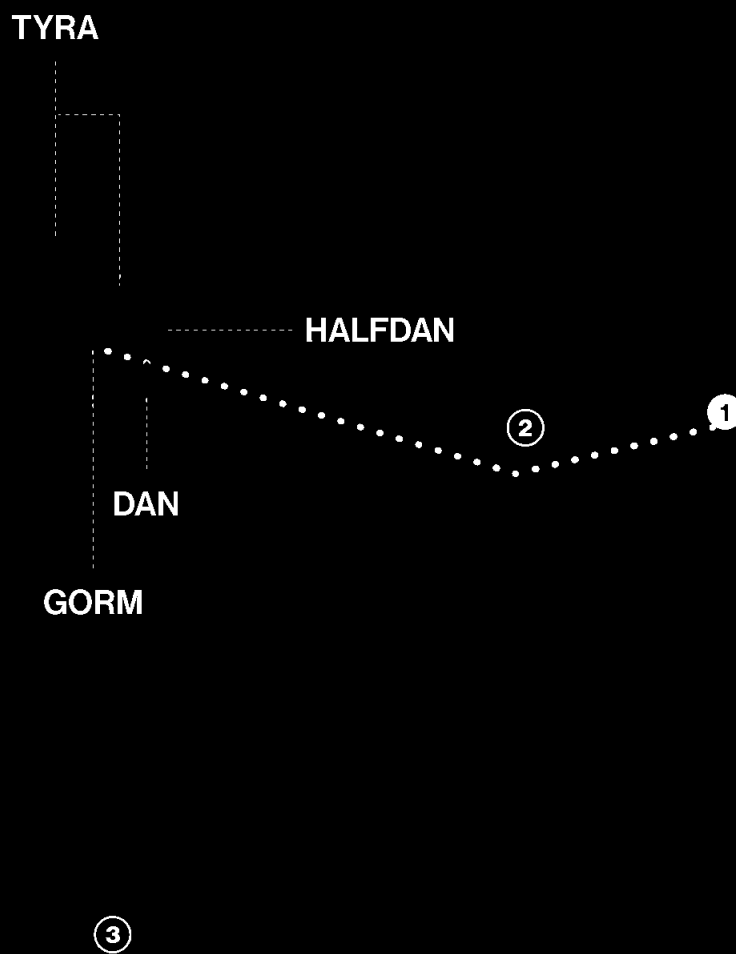
DUC Partners and interest



<ul style="list-style-type: none"> ■ 2P Reserves 182.4 ■ Tyra Hub (2P) 85.03 ■ Halfdan Hub (2P) 46.28 ■ Dan Hub (2P) 30.84 ■ Gorm Hub (2P) 20.25 	<ul style="list-style-type: none"> ■ 2C Resources 37.2 ■ Adda Hub (2C) 18.56 ■ Halfdan North Hub (2C) 13.76 ■ Infills (2C) 4.84 	<ul style="list-style-type: none"> ■ TotalEnergies 43.2% ■ BlueNord 36.8% ■ Nordsøfonden 20%
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- ① Oil pipeline to Fredericia
 - ② Gas pipeline to Nybro
 - ③ Gas pipeline to Den Helder
- Gas cross-border points



Overview of Assets continued

The Dan Hub is a core asset on the Danish continental shelf. Discovered in 1971 and brought on production in 1972, Dan was the first field in production in Denmark and close to 26 percent of total Danish oil production has been extracted from the Dan field.



Producing field
No production
Discovery

Net oil reserves

Net production mboepd

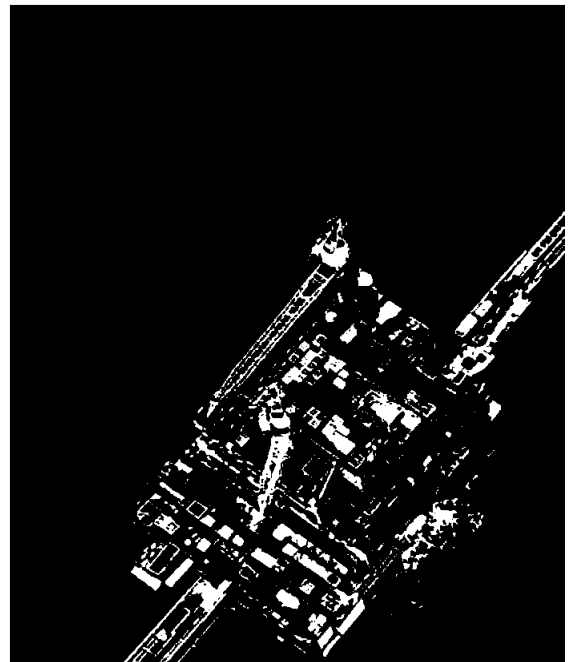
Net 2P reserves mmboe

Operational efficiency

Dan Hub

The Dan field is one of the largest North Sea chalk fields, part of the Ekofisk and Tor formations, both with oil rims overlying gas caps and with communication between the two formations. The reservoirs are high porosity, low permeability, with long transition zones. The Dan field has been developed in several phases and now consists of a total of 12 platforms, 38 active oil wells and 33 active water injectors. Dan has two satellite fields, Kraka (brought on stream in 1991) and Regnar (1993).

The Dan process centre consists of the Dan F complex, the old Dan complex, and the satellites Kraka and Regnar. Oil production from Dan is transported to Gorm, and gas is transported to Tyra.





The Dan field is one of the largest North Sea chalk fields, part of the Ekofisk and Tor formations.



Production outlook 2023

You can find out more about the production outlook for the Dan Hub in our Operational Review.

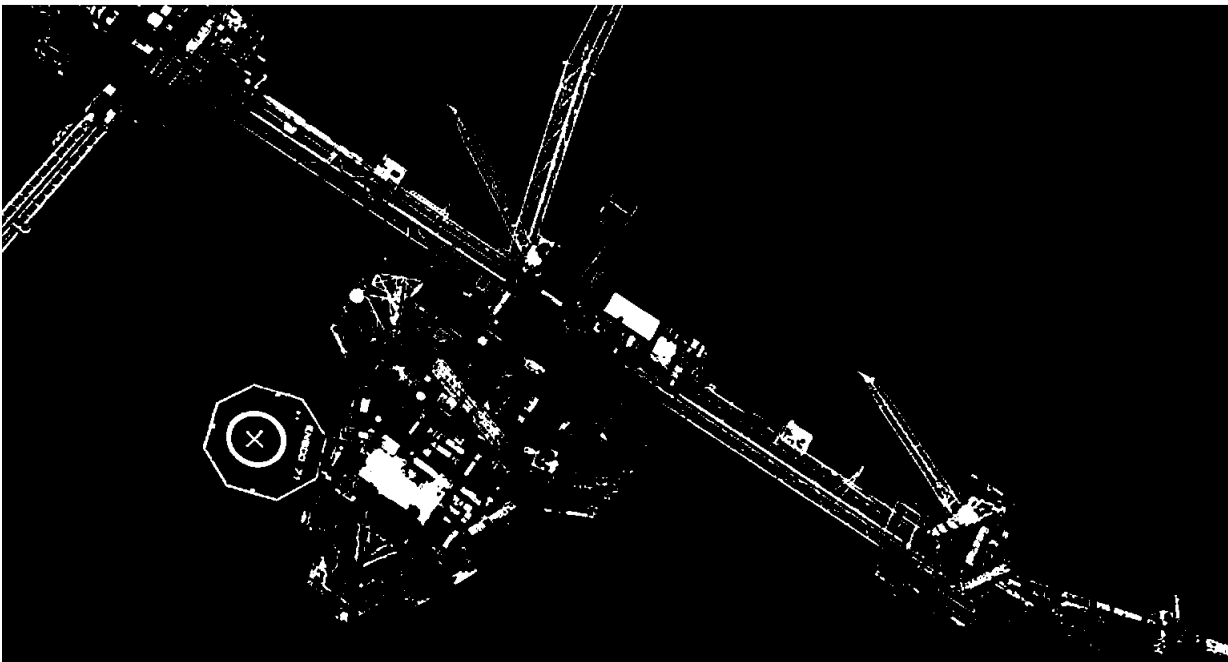
Find out more on page 31



Net production of the Kraka field 0.6 mboepd

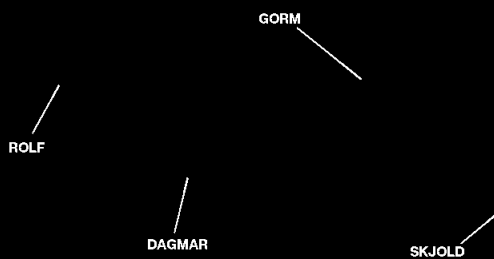
Kraka

Kraka is a tie-back to the Dan field and is an oil field located eight kilometres to the southeast of the Dan field. The field produces oil and gas from the Ekofisk chalk; ten wells have been drilled and currently seven wells are producing. Well A-11C on Kraka has been reinstated after being used as a swing producer.



Overview of Assets continued

The Gorm Hub was discovered in 1971 and brought on production in 1981, the second Danish field in production after Dan. The Gorm hub also includes the Skjold, Rolf and Dagmar fields, and is the export hub for most of the oil produced in Denmark.



Producing field
No production

Oil reserves

Net production mboepd

Net 2P reserves mmboe

Operational efficiency

Gorm Hub

The field produces oil and gas from the Ekofisk and Tor chalk reservoirs. The field is a domal structure divided into a deeper western A-block and the shallower eastern B-block. In total, 46 wells have been drilled, with 17 producers currently active, and six active water injectors.

Gorm serves as the second stage processing centre for Halfdan and as an oil transfer hub for Dan, Tyra and Halfdan. The oil is transported ashore to Frederica via pipeline from the riser platform Gorm E and gas is sent to Tyra. While Tyra is not producing due to the ongoing redevelopment, gas is exported through the NOGAT pipeline to the Netherlands.





In total 46 wells have been drilled, with 17 producers currently active, and six active water injectors.



Production outlook 2023

You can find out more about the production outlook for the Gorm Hub in our Operational Review.

Find out more on page 31



Net production of the Skjold field 2.6 mboepd

Skjold

The Skjold field is an oil satellite tie-back to Gorm, which was discovered in 1977 and brought on production in 1982. The field is a dome-shaped structure with a relatively thin chalk reservoir on the crest, which thickens towards the outer crest and flank areas. In total, 30 wells have been drilled, with 16 oil producers currently active and eight active water injectors.

Net production of the Rolf field 0.3 mboepd

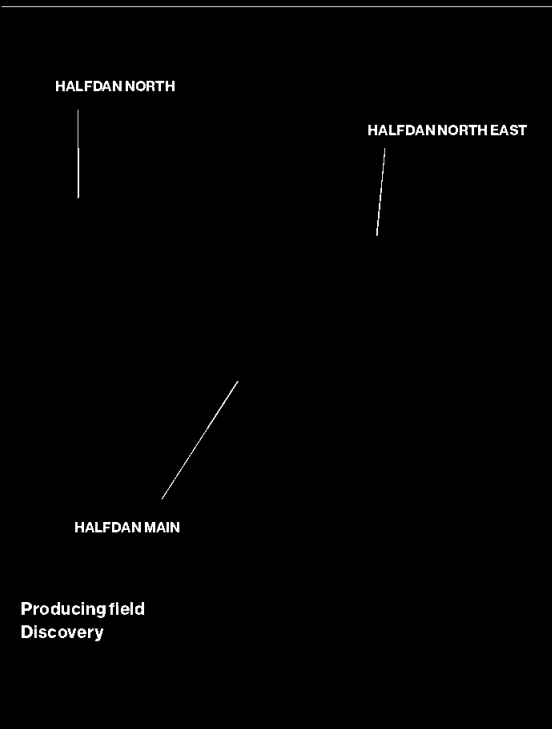
Rolf

Rolf is an oil field which has been developed as a satellite to Gorm. The field was discovered in 1981 and brought on production in 1985. The field produces from the Ekofisk and Tor chalk reservoir with intervals of good permeability with fracture connected matrix porosity. Three wells have been drilled, with currently one active oil producer.



Overview of Assets continued

The Halfdan Hub includes Halfdan and Halfdan North East. Halfdan is currently the largest producing field in Denmark and the most important DUC asset in terms of value and resources, both technically and commercially.



Oil reserves

Net production mboepd

Net 2P reserves mmboe

Operational efficiency

Halfdan Hub

The Halfdan main field was discovered in 1998, brought on stream in 1999 and Halfdan North East in 2004. There are no distinct boundaries separating the Halfdan main field and Halfdan North East area. Halfdan North East is a development of the gas accumulation in the Ekofisk formation to the North East of the Halfdan field. The main field produces oil and gas from the Tor chalk reservoir. The Halfdan main oil accumulation is contiguous with the Dan accumulation. It has been developed in four phases, and 71 wells have been drilled, with 35 oil producers currently active and 26 active water injectors.

Halfdan North East has been developed in three phases and 21 wells have been drilled, with 16 gas producers currently active. Halfdan consists of two main groups of platforms, Halfdan A and Halfdan B, in addition to an unmanned wellhead platform, Halfdan CA (North East).

Oil is transported by pipeline to Gorm and gas is transported to Tyra West. Gas can also be imported (for injection) and exported to Dan. Injection water is supplied from Dan.

Halfdan development projects

There are a number of projects and studies ongoing for the greater Halfdan development. The most mature is the Halfdan North project, which targets a reservoir located between the producing Halfdan and Tyra SE fields. More information on projects and studies on page 28-29.



Strategic Report



Halfdan North East has been developed in three phases and 21 wells have been drilled, with 16 gas producers currently active.



Production outlook 2023

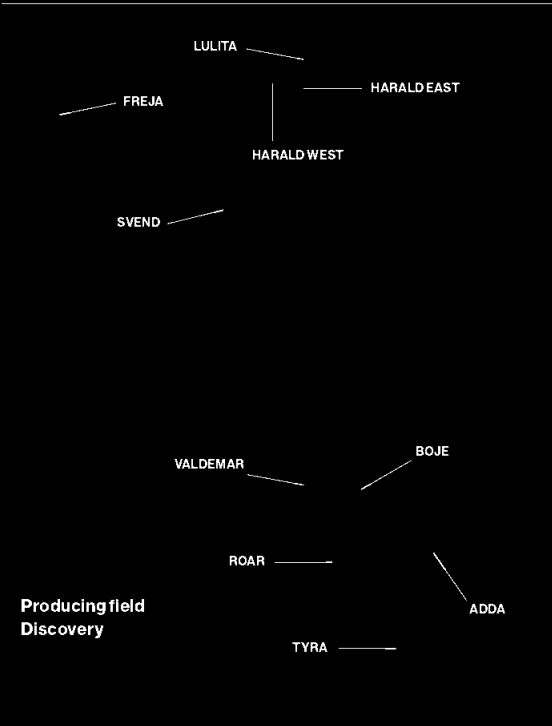
You can find out more about the production outlook for the Halfdan Hub in our Operational Review.

Find out more [on page 31](#)



Overview of Assets continued

Tyra represents the largest redevelopment project to be carried out on the Danish continental shelf to date. As the largest gas field in the DUC, the redevelopment will extend the field's life by 20 years.



Expected increase
of net production with
redeveloped Tyra

Expected reduction
in emissions intensity
with redeveloped Tyra

Net 2P reserves mmmboe

Tyra Hub

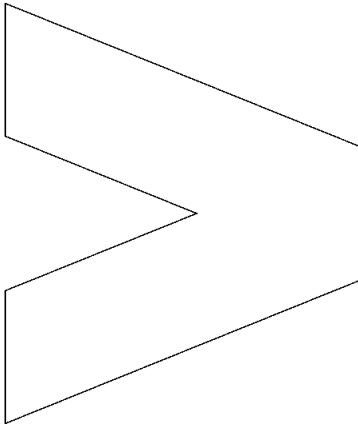
The main Tyra field is the largest natural gas field in the Danish sector of the North Sea. It was discovered in 1968 and production started in 1984. The Tyra field has been at the heart of Denmark's energy infrastructure for more than 30 years, processing more than 90 percent of the nation's natural gas production.

The Tyra field consists of two main process centres, Tyra East and Tyra West, which are linked to five unmanned satellite fields: Tyra South East, Harald, Valdemar, Svend and Roar. Gas is exported to shore and oil is exported to Gorm E.

Tyra South East is an oil-dominated field, discovered in 1991 and brought on in 2002, with first oil in 2015. The field produces mainly from the Ekofisk and Tor chalk reservoirs. A total of 93 wells have been drilled on Tyra main and South East, with 47 oil and gas producers currently active.

Due to subsidence, a decision was made to redevelop the Tyra field and production was temporarily suspended in September 2019.

All wells on Tyra and its satellites are safely suspended and abandoned for the extended shutdown, and the project made significant progress during 2022.



The Tyra redevelopment project is, to date, the largest project carried out on the Danish continental shelf and is expected to increase net production by approximately 90 percent, unlocking gross reserves in excess of 200mmboe.

Tyra redevelopment – Tyra II

A FID was made in 2017, following approval by the Danish authorities, with plans to temporarily cease production from the Tyra gas field by the end of 2019 and to redevelop the field infrastructure. The Tyra hub required redevelopment due to compaction of the chalk reservoir, where the seabed had subsided by six metres over a period of at least 30 years of production.

The redevelopment project was necessary to ensure both crew and equipment safety, as well as to maintain an optimal level of production.

The execution of the Tyra redevelopment project is both a global and local effort. In addition to fabricating installations in Europe and Asia, project efforts are being executed locally in Esbjerg and offshore in the Danish North Sea.

The scope of the project includes removing old facilities, modifying existing ones and installing new features. The two existing process and accommodation platforms were replaced in 2022 by one new process platform and one new accommodation platform. The four wellhead platforms and two riser platforms will have had their jackets extended by 13 metres, and the current topsides replaced.

The Tyra redevelopment project is, to date, the largest project carried out on the Danish continental shelf and is expected to increase net production by approximately 90 percent, unlocking gross reserves in excess of 200mmboe. Tyra II will decrease opex significantly and lower emissions intensity by 30 percent.

In addition, the completed project will extend field life by at least 20 years and produce enough gas to power the equivalent of 1.5 million homes.

Valdemar

The Valdemar field is an oil and gas field discovered in 1977, further appraised in 1985 and brought on production in 1993. The Lower Cretaceous chalk has been the primary development target, and 26 wells have been drilled on Valdemar, with 22 oil and gas producers currently active.

Roar field

Roar is a gas field with an oil rim tie-back to Tyra East. The field was discovered in 1968 and further appraised in 1981. The field was brought on production in 1996. The field produces gas and condensate from the Ekofisk and Tor chalk reservoirs. Four gas producer wells have been drilled, with all currently active.

Harald North

Harald is a gas/condensate field located in the north-western part of the Danish sector. The Harald field comprises two structures; Harald East discovered in 1980 and Harald West discovered in 1983. The fields were brought on production in 1997. The Harald West reservoir consists of Middle Jurassic sandstones, and Harald East is an elongated dome structure in the Upper Cretaceous Ekofisk and Tor formations. Four wells have been drilled, two on Harald West and two on Harald East, and all four wells are currently active.

Lulita field

Lulita is an oil field with a gas cap discovered in 1991, and brought on production in 1998. The reservoir consists of Middle Jurassic sandstones. Two wells have been drilled, of which one is currently producing. DUC holds a 50 percent interest in the Lulita field with Ineos (40 percent) and BlueNord (10 percent) as partners.



Redeveloped Tyra will extend its production by 20 years



Overview of Assets continued

DUC Long-Term Plan

A Long Term Plan has been developed in the DUC, with an outline of development activities up to 2030. The Plan is based on the current technical and economic landscape of the DUC, and projects will be revised and optimised in light of any findings from technical studies, production, or changing macroeconomic conditions.

Long-Term Plan ("the Plan") will endeavour to have seven infill wells drilled between 2023 and 2025. Of the seven infill wells, four oil wells will be drilled from Halfdan, one gas near-field exploration well from Harald, while the two last well slots are still under consideration.

Execution of the major developments is planned to commence when the work on the Tyra redevelopment is complete. After delivery of the seven infill wells, the three main developments will be executed. Subject to further analysis and conclusions, we will be starting with five wells on Valdemar Bo South in 2026, then moving on to Adda with seven wells, and then finally the nine Halfdan North wells to be drilled.

In addition to the projects outlined here, work is ongoing to mature additional developments that could be executed with an additional rig in parallel with these projects.

7 infill wells

to be drilled between 2023 and 2025

7 wells

on Adda

5 wells

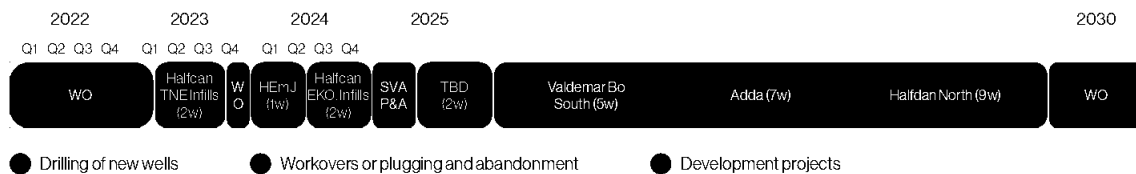
on Valdemar Bo South

9 wells

on Halfdan North

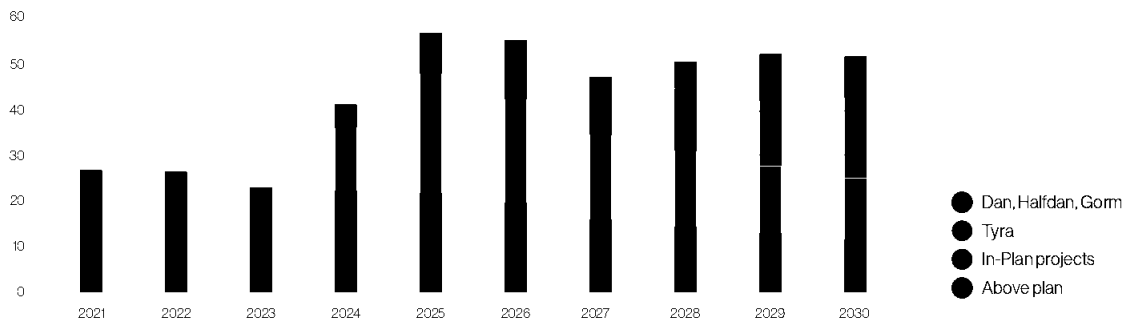
Estimated Rig Activity Schedule

(subject to further technical studies and FID on the individual projects)



Expected Long-Term Plan production profile

(subject to further technical studies and FID on the individual projects)





Key projects included the 2023 DUC Long-Term Plan

Halfdan Hub

Halfdan Infill

The Halfdan infill wells are planned as a continuation of the Halfdan field development. A final investment decision was made in 2022 for two infill wells, planned to be drilled in the Halfdan Upper Cretaceous Tor formation and with an expected first oil/gas in 2023. Further two wells are planned. A field development plan was submitted to the DEA in December 2022.

HCA Gas Lift

The HCA gas lift project is planned for 2024. The gas lift is required to support well production and thereby increase production potential. Project scope comprises modifications to Halfdan B topside facilities as well as a gas lift manifold to be installed at Halfdan C.

Halfdan North

The Halfdan North Upper Cretaceous discovery is a northern extension of the producing Halfdan field. Halfdan North was confirmed by the well HDN-2X and later in 2016 by the Tyra SE, TSB-3A well. The discovery will be tied back to the Halfdan HBD processing platform with a 7 km pipeline from a new built wellhead platform with 9 horizontal wells, 5 producers and 4 water injectors. A Field Development Plan was submitted to the DEA in 2020.



HCA gas lift project is planned for 2024

Tyra Hub

Harald East Middle Jurassic

Harald East Middle Jurassic is a gas well drilled from the Harald platform into Jurassic reservoir which has significantly better production properties than the chalk reservoirs present in Dan, Halfdan and Gorm hubs. The well is classified as a near field exploration well and has a large range of subsurface outcomes. FID has not been taken yet but is expected in first half of 2023 with first gas in 2024.

Valdemar Bo South

The Valdemar Bo South Lower Cretaceous discovery is a southern extension of the producing Valdemar field. Valdemar Bo South has been confirmed by the Bo-3X and Jude-1X exploration well and further by the VBA-6E horizontal well drilled in 2012. The discovery will be tied back to Tyra E via the Valdemar BA platform with a 2.5 km pipeline from a new built wellhead platform with five horizontal wells. A Field Development Plan was submitted to the Danish Energy Agency (DEA) in 2020.

Adda

The Adda discovery was made in 1977 by the Adda-1 well. The discovery well found gas condensate in the lower Cretaceous Tuxen Formation and oil in the overlying Upper Cretaceous Hod Formation. The discovery will be tied back to Tyra East with a 11 km pipeline from a new built wellhead platform with 7 horizontal producer wells. A Field Development Plan was submitted to the DEA in 2021.

Svend

Production from the Svend field ceased in 2016 due to well integrity issues. Due to dependencies on other projects, Svend is currently categorised as a potential addition to the Long-Term plan.



FID on Harald East Middle Jurassic gas well is expected in first half of 2023

Operational Review



BlueNord's production performance in 2022 was strong, at nine percent above forecast. Production during the year benefitted from an increased level of well activity and higher uptime, of the production facilities.

Marianne Eide
Chief Operating Officer

Production	Unit	2022	Guidance 2023
Q1	mboepd	28.5	25.0-26.5
Q2	mboepd	26.5	20.0-21.5
Q3	mboepd	25.1	22.5-24.0
Q4	mboepd	26.9	24.5-26.0

A highlight of the year was the HCA restimulation campaign in summer 2022, which involved the restimulation of eight Halfdan wells using technology that enabled new areas of the reservoir to be reached, resulting in production from those wells increasing by circa three times and a reweighting in overall production to gas. The positive effect of this stimulation is expected to last for 30 months.

Well reinstatement work on the Dan field saw an increase in the well count and five wells delivered significantly higher production than planned. Gorm also had a higher production level than expected throughout 2022 due to the well stimulations performed in late 2021, and again in November 2022.

The BlueNord assumption for operational efficiency in 2022 was 86 percent and an operational efficiency of 90 percent was delivered (excluding third party NOGAT shutdown) and 88 percent including third party shutdown. This exceptional performance was achieved through systematic work on operational efficiency by the operator, with detailed analysis of unplanned shortfalls from the previous two years and addressing the causes of the greatest shortfalls.

Production loss was also limited during the planned NOGAT pipeline shutdown, carried out once a decade, by temporary injection of gas into producing wells.

Tyra Outlook for 2023

The operator TotalEnergies reported in August 2022 that the first gas date of the project has been revised from June 2023 to winter 2023/24.

This delay is driven by global supply chain challenges that have impacted the extent to which fabrication work on the process module (TEG) was completed prior to sail away from the McDermott yard in Indonesia, as well as a revised plan for offshore hook-up and commissioning.

Tyra 2022 milestones

During 2022, numerous important milestones were reached, moving the Tyra project closer towards what will be a state-of-the-art North Sea production and export facility. During 2022, all yard construction activity completed and all eight platform topsides have been successfully installed.

10 January 2022

- The three Tyra West wellhead and riser topsides were successfully delivered from the Sembcorp Marine Ltd yard in Singapore.

16 March 2022

- Sail away of the new Tyra II utility and living quarters (the "accommodation unit" or the "TEH") from Ravenna in Italy; the unit was fabricated at the Piomboni yard by EPC contractor Rosetti Marino, and Heerema Marine Contractors Barge H-408 safely sailed the 5,400 tonne unit to the Tyra field in the Danish North Sea.
- The utility and living quarters unit is 32.5m tall and has seven levels, including a helideck, and an area of 3,500m² – in addition to housing 80 offshore crew, the unit has a state-of-the-art control room, and a system that turns sea water into drinking water; all firefighting water and emergency power for Tyra II will be run from the unit.

13 April 2022

- The accommodation unit and the three Tyra West topsides were successfully installed by the world's largest crane vessel, Sleipnir, during a ten-day installation campaign.



The probabilistic range of first gas export is as follows:

- P10: October 2023
- P50: December 2023
- P90: March 2024

Progress on the offshore hook-up and commissioning phase (HUC) work has started, with offshore installation completed, key milestones for 2023 include start-up of the gas turbine generators and first gas introduced to the process module.

Outlook for 2023

BlueNord has built a stable business that is underpinned by the Company's position in the DUC. BlueNord is well positioned going forward to navigate remaining impacts of COVID-19, the ongoing war in Ukraine and any future oil and gas price volatility through business and IT continuity plans, price hedging arrangements and proactive steps taken by the operator of the DUC. Once onstream, Tyra II will significantly enhance BlueNord's base production, and the Company also expects direct field operating expenditure to decrease below USD 13 per barrel. The Company expects reduced production driven by high maintenance and activity levels in Q2 and Q3 2023.

PRODUCTION PERFORMANCE 2022

PRODUCTION OUTLOOK 2023

Dan Hub

Production performance was high in 2022, mainly based on:

- successful reinstatement of five producers (DFA-15, DFB-15, DFB-16, DFB-17 and DFF-22A);
- increase of two percent in operational efficiency due to reduction in unplanned shortfalls; and
- 10 well interventions completed with the rig Maersk Reacher.

To keep production high in 2023 we will:

- carry out three reactive workovers with the rig Shelf Drilling Winner, (previously called Noble Sam Turner);
- maintain high operational efficiency; and
- carry out 20 well interventions with the rig Noble Reacher (previously called Maersk Reacher).

Gorm Hub

Production performance was high in 2022, mainly based on:

- increase of two percent in operational efficiency due to reduction in unplanned shortfalls;
- successful scale squeeze campaign on Gorm wells at end 2021 supporting production in 2022; and
- successful scale squeeze and restimulation campaign at end October 2022.

To keep production high in 2023 we will:

- carry out scale squeeze and restimulation;
- maintain high operational efficiency; and
- enable gas export from Gorm to Halfdan.

Halfdan Hub

Production performance was high in 2022, mainly based on:

- successful restimulation of eight HCA wells resulting in a significant increase in gas production, and an addition to reserves;
- increase of three percent in operational efficiency due to reduction in unplanned shortfalls; and
- successful proactive workovers and restimulations keeping the well count high and stable.

To keep production high in 2023 we will:

- continue proactive workovers;
- maintain high operational efficiency;
- reroute stabilisation of Halfdan oil to Dan instead of Gorm resulting in reduced flaring and elimination of routine flaring; and
- drill two infill wells in the Halfdan Tor North East, expected to be in production from September 2023.

31 August 2022

- The 80-bed TEH living quarter commenced its regular use.

1 September 2022

- The Tyra Process module (TEG) sails away from the Batam yard in Indonesia with all leak-testing complete.

3 October 2022

- Arrival at the offshore location.

4 October 2022

- World record offshore lift of the 17,000 metric tonne process module completed.

9 October 2022

- All lifts completed and offshore installation complete.

8 November 2022

- Safe access and temporary power in place enables efficient start-up of offshore HUC campaign on TEG. Despite challenges with cranes and offshore productivity, all milestones have been met according to plan.

21 December 2022

- TEG permanent crane in operation.

Remaining activity on the Tyra redevelopment project in 2023 is offshore hook-up and commissioning to achieve first gas and then ramp up of production to achieve full design processing capacity.

Financial Review



We have had a strong year driven by excellent underlying operating performance and the benefit of a supportive commodity price environment in 2022. With record revenues of USD 967 million and EBITDA of USD 611 million for the full year, this has resulted in significant cash generation from operating activities of USD 561 million, ending the year with total liquidity of USD 468 million, comprising of cash on balance sheet of USD 268 million and undrawn RBL capacity of USD 200 million.

Our capital structure remains robust and fully funded to deliver Tyra, as supported by our liquidity position and net debt, with no principal maturities prior to Tyra first gas. The significant cash generation in 2022 enabled a voluntary repayment of USD 100 million of the RBL facility, which in addition to our interest rate hedge, allows for significant savings on borrowing costs.

Other highlights include a successful refinancing of the NOR13 convertible bond that was exchanged into the new USD 208 million NOR15 convertible bond, with revised terms and a later, more flexible, conversion date in 2025. We also continue to maintain a hedging policy that provides visibility over future cash flow, adding volumes where it makes sense to do so, and in doing so, supporting our balance sheet and capital structure through this continued uncertain price environment.

Jacqueline Lindmark Boye
EVP Finance

The Company had revenues of USD 966.9 million in 2022 (2021: USD 565.3 million) mainly related to oil and gas sales from the DUC fields. The increase is due to higher realised commodity prices, with an increase of 30.6 percent on oil and 194.5 percent on gas respectively, net of hedging effects.

Production expenses: of USD 308.5 million in 2022 (2021: 297.0 million) was directly attributable to the lifting and transport of the Company's oil and gas production, which equates to USD 31.6 per boe (2021: USD 30.2 per boe). Adjusted for insurance and changes in stock and inventory, total production expenses amounted to USD 323.4 million in 2022 (2021: USD 292.7 million). Current year is influenced by the start-up of the production enhancing WROM and the IRP, in addition to the Halfdan well restimulation campaign.

Personnel expenses were USD 12.5 million in 2022 (2021: USD 11.5 million). The increase is mainly related to the long-term incentive plan (LTIP), which is valued and accounted for according to IFRS 2. For more information related to the LTIP, see page 80 in the Remuneration Committee Report.

Other operating expenses amounted to USD 19.1 million in 2022 (2021: USD 10.9 million). The increase is related to higher consultant and legal fees.

Operating result (EBITDA) for 2022 was a profit of USD 611.2 million (2021: USD 249.5 million). This increase mainly relates to higher revenue.

Net financial items amounted to an expense of USD 229.0 million in 2022 (2021: USD 132.3 million). This was primarily driven by the negative fair value adjustment on NOR13's embedded derivative, the value of which is influenced by the increase in BlueNord's share price, and an increase in the discount rate related to abandonment provision. This was partially offset by the extinguishment of the NOR13 bond loan, positive fair value adjustment on the RBL interest swap and higher interest income related to restricted cash.

Income Tax for the group amounted to a current tax cost of USD 204.6 million and deferred tax movements amounted to USD 74.5 million, which corresponds to a statutory tax rate of 64 percent on result before tax on hydrocarbon income, adjusted with the effects of investment uplift, foreign exchange adjustment of tax losses and the estimated repayment of the special tax incentives implemented in 2017. This repayment is triggered from 2022 and onwards if commodity prices exceed certain thresholds. It constitutes a repayment of tax benefits previously received from the incentive scheme, in the case of market conditions significantly improving compared to the assumptions in 2017, where the incentive scheme was implemented. Effective 0 percent tax on result before tax in Norway and UK and effective 22 percent tax on result before tax on ordinary income in Denmark.



Reference is made to note 13 in the consolidated financial statements for further details to the taxes this period.

The Group's net result for the year is a loss of USD 30.5 million (2021: loss of USD 53.2 million).

Total non-current assets amounted to USD 2.7 billion at the end of 2022, of which USD 1.9 billion related to property, plant and equipment, intangible assets of USD 160.4 million, deferred tax asset of USD 348.8 million, derivatives related to the RBL interest swap and gas hedges of USD 33.7 million and USD 203.7 million in restricted cash, relating to security for DUC cash call obligations pledged to TotalEnergies, and security against Nini/Cecilie abandonment costs.

Total current assets amounted to USD 583.9 million at the end of 2022. USD 94.4 million in trade receivables and accrued revenue, mainly related to oil and gas revenue, USD 24.2 million in prepayments primarily offshore and non-payment insurance premiums, USD 268.4 million of cash and USD 55.9 million of inventory.

Equity amounted to USD 602.5 million at the end of 2022. Increase in equity mainly related to the positive fair value adjustment of hedges and issuance of shares.

Interest-bearing debt amounted to USD 1.1 billion at the end of 2022. The decrease relates to the repayment of USD 100 million on the RBL facility, partly offset by the NOR15 exchange offer, which had no cash effect. The NOR13 convertible bond loan had a book value of USD 13.1 million at the end of 2022, following the conversion of USD 151.4 million to NOR15. The new NOR15 convertible bond loan had a book value of USD 175.7 million at the end of 2022, which includes compensation bonds of USD 56.2 million. The bond loans are valued at amortised cost and the embedded derivatives are accounted for as a derivative liability at fair value through profit and loss. BlueNord's USD 1.1 billion RBL facility, drawn at USD 800.0 million on 31 December 2022 and with maximum cash drawing capacity of USD 1.0 billion, had a book value of USD 764.0 million at the end of 2022. The voluntary repayment of USD 100.0 million on the RBL facilities occurred in Q3 2022. The senior unsecured bond loan NOR14 had a book value of USD 166.9 million at the end of 2022. The RBL facility and the unsecured bond loan are valued at amortised cost. In addition, interest-bearing debt includes deferred consideration with a book value of USD 25 million.

Asset retirement obligations amounted to USD 955.8 million at the end of 2022 (2021: USD 1,029 million). The decrease is driven primarily by updated exchange rates and a 0.5 percent increase in the discount rate. USD 890.8 million is related to the DUC assets, USD 61.1 million to Nini/Cecilie, USD 2.3 million to Lulita and USD 1.6 million to the Tyra F-3 pipeline. The Nini/Cecilie asset retirement obligation is secured through an escrow account of USD 61.1 million.

Cash flow from operating activities amounted to USD 561.0 million at the end of 2022 (2021: USD 49.8 million). The increase is mainly related to higher revenue from favourable oil and gas commodity prices and strong operational performance in the current year. In addition, 2021 was negatively influenced by the payment of 2020 VAT liability of USD 156.7 million in 2021. Cash flow from operating activities excluding changes in working capital amounted to USD 600.8 million in 2022 (2021: USD 244.9 million).

Cash flow used in investing activities amounted to an outflow of USD 258.2 million at the end of 2022 (2021: USD 246.5 million). The cash flow used in investing activities were related to DUC investments of USD 241.6 million, of which USD 228.3 million related to the Tyra redevelopment, USD 14.4 million in abandonment expenditure, and USD 2.4 million in exploration and evaluation assets.

Cash flow from financing activities amounted to an outflow of USD 157.1 million at the end of the year (2021: USD 60 million). The cash outflow in current year is mainly related to a USD 100 million voluntarily repayment on the RBL facility, compared to a drawdown of USD 148.8 million last year. In addition, USD 61.6 million in paid interest and financing cost and a positive cash flow of USD 5.4 million related to sale of treasury shares.

Net change in cash and cash equivalents amounted to positive cash flow of USD 145.8 million in 2022 (2021: outflow of USD 136.7 million). Cash and cash equivalents were in total USD 268.4 million at the end of 2022.

Effective oil price
\$75.5
USD/bbl

Cash flow from operating activity
561
million

Effective gas price
101.9
EUR/Mwh

Cost per boe
\$31.6

Total revenue
966.9
million

EBITDA
611.2
million

Total liquidity
468.4
million

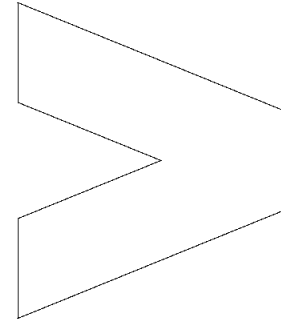
Interest bearing debt
1.1 billion



Sustainability Report

Ensuring energy security

Climate change is one of the biggest threats the world faces. At BlueNord we work to actively reduce our carbon footprint while contributing to energy security.



Over the next seven years, global greenhouse gas (GHG) emissions must be halved to succeed in mitigating global climate change. At the same time, hydrocarbons are expected to remain an important part of the energy mix for the foreseeable future. BlueNord recognises that it has a responsibility to be an active participant in the energy transition. As part of the DUC, BlueNord is committed to reducing emissions by 400-500 thousand tonnes by 2030, and thereby contributing to the delivery of the Danish 70 percent CO₂ reduction target by 2030.

We believe that CCS is a key enabler to combat climate change and are committed to two projects: Project Bifrost offshore and CarbonCuts onshore. You can read more about these on page 36.

BlueNord has continued to support its employees and partners, through operating sustainably and safely while also behaving in a way that recognises the importance of diversity. You can read more about this on page 52.

During the year, BlueNord put several initiatives in place to improve overall performance related to Environmental, Social, & Governance (ESG) issues, and to increase the transparency of the Company's ESG activities. Following the materiality assessment which was conducted in October 2022, BlueNord is working on a sustainability strategy in 2023.

Our commitments

30%

Reduction in emissions intensity by 2025

80%

Power from renewables by 2029



Stakeholder engagement and materiality

During 2022, BlueNord took measures to align themselves with the Norwegian Transparency Act and the Equality and Anti-Discrimination Act. The Company developed a separate report from each committee (ESG, remuneration, audit, and nomination), conducted a materiality assessment, and established reporting against the Taskforce for Climate-related Disclosures (TCFD). BlueNord also established a risk register and has requested monthly emissions data from the operator.

In 2022 the EU Council gave its final approval to the Corporate Sustainability Reporting Directive (CSRD) and according to CSRD, BlueNord is required to report in accordance with the new European sustainability standard (ESRS) from 2025. The company has therefore taken steps to prepare for the ESRS.

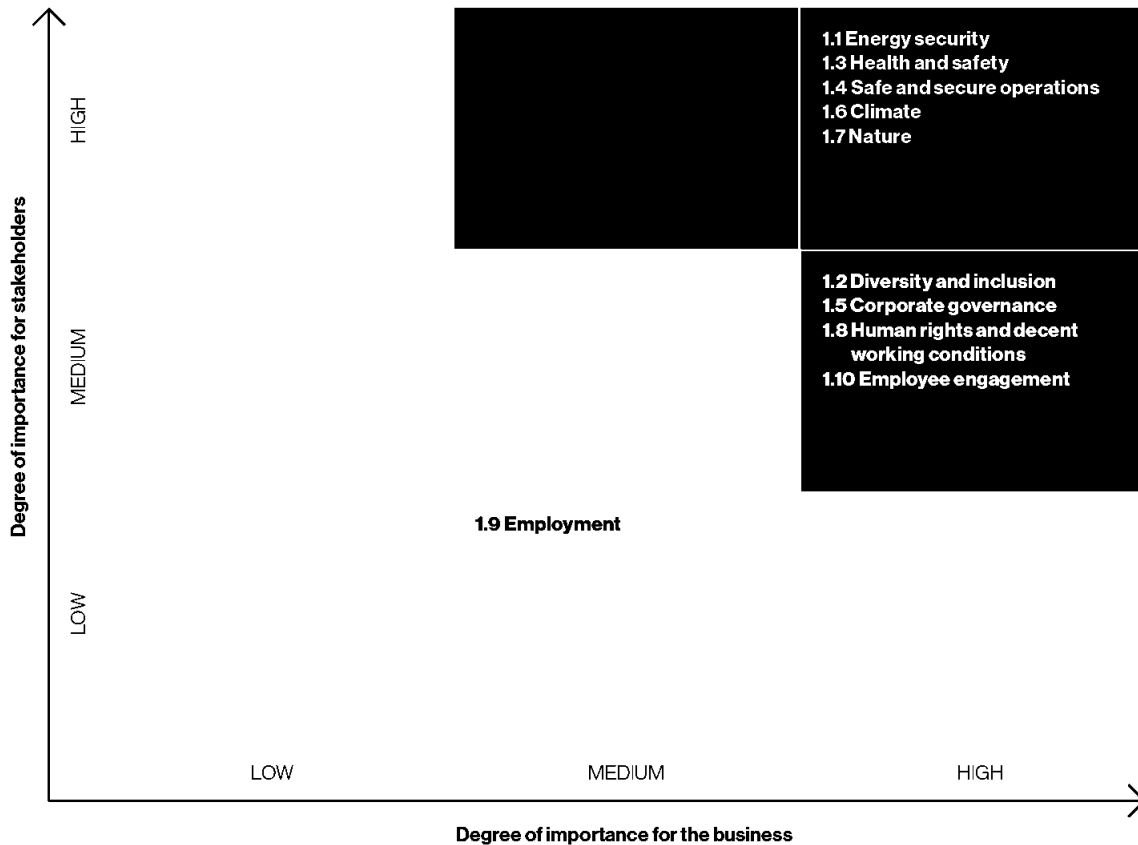
As a preparation for ESRS, we have used elements from the draft principles of ESRS to prepare this year's sustainability report. We have focused on conducting a materiality assessment and from 2025 we will include the full ESRS approach.

BlueNord engages both directly and indirectly with internal and external stakeholders in a continuous dialogue throughout the year to obtain their insights on sustainability topics. Key stakeholders are employees, investors, business partners, government agencies, local communities, NGOs and suppliers.

In October 2022, the Company conducted a materiality assessment with members of the management team. The purpose was to identify and prioritise material topics regarding ESG.

Several factors in the Company's ESG approach have been assessed. The Company's core business, who the Company's most important stakeholders are, and what is to be defined as sustainability in the Company was examined. An assessment of the most relevant megatrends within ESG and the industry's concerns was also carried out, in addition to a stakeholder assessment.

The material issues are shown in the chart below.





Sustainability Report continued

Our sustainability commitments

BlueNord is committed to a balanced approach, where energy security and the energy transition are both key themes.

01

Energy Security: reliable, affordable and politically stable gas

Produces enough energy to power equivalent of c. 1.5m homes
Key gas producer in the EU
Unlock additional low emissions, high-value resources

BlueNord investment in delivering gas redevelopment project

02

Emissions lowered with Tyra and end-of-routine flaring

Mainly driven by Tyra II's modern, efficient facilities
Routine flaring in the DUC to end by August 2023
Improved efficiency and monitoring on producing assets

Estimated emissions in 2025 reducing from c.30kg/boe in 2022 to c.21kg/boe

03

Funding cost linked to delivery against ambitious objectives

KPIs linked to emissions and power from renewable sources
Investigating potential to change to a KPI more reflective of current strategy

Emissions to be reduced by 2027

Power from renewables by 2029

04

Assessing potential for CCS through Bifrost and CarbonCuts

Strategic involvement through the DUC (Bifrost) and an exclusive CCS project Bifrost a larger scope outside of the DUC, with potential for farm-in on Harald
CarbonCuts is BlueNord-only backed with a fit-for-purpose size and scope

Investment for feasibility study



Energy security

2022 increased the awareness and importance of energy security. BlueNord is and will continue to be a considerable European contributor of energy supply through our existing and future business.

With hydrocarbons, and in particular natural gas, expected to remain an important part of the energy mix for the foreseeable future, BlueNord will play an important role for energy security.

By delivering Tyra, BlueNord will both secure energy supply for Denmark and materially reduce our emissions intensity profile. Redeveloped Tyra will reduce emissions intensity by 30 percent while at the same time supply gas to power the equivalent of 1.5 million Danish homes.



Achievements and near-term focus: climate

Tyra on stream	The 2023 reinstatement of the Tyra hub will reduce fuel consumption and provide a higher operating efficiency. Redeveloped Tyra is expected to lower emissions intensity by 30 percent, and in addition lower the flaring by 90 percent.
Routine-flaring reduction	The Company has planned a step-wise implementation of the Halfdan reroute for final oil stabilisation to remove routine flaring. The first step was completed in February 2022, and reduced the flaring, corresponding to a reduction in CO ₂ emissions of 4.3 thousand tonnes CO ₂ e/year. The second step to be completed in 2023 will remove the routine flaring and reduce the CO ₂ emissions by a further 5.9 thousand tonnes CO ₂ e/year.
Fuel reductions	12 CFR initiatives are planned to be implemented in the period 2022-2024 (HDA compressor bundling, new gas turbine air filter on HD and Dan etc) which can result in an estimated emission reduction of more than 11.8 thousand tonnes CO ₂ e/year with approximately 4,8 thousand tonnes CO ₂ e/year in 2022. The use of onshore smart room monitoring of fuel consumption helps reduce the fuel consumption.
Emission monitoring	Improvements are being made to emissions monitoring by initiating annual leak detection and repair campaigns (LDAR) with focus on a comprehensive register of sources, measurement equipment and evaluation options for better quantification of fugitive emissions. Additionally, transition towards new software additionally will improve reporting efficiency and data analytics. Further, novel technique development will be supported with drone imaging technology and LIDAR 3Ds.

Achievements and near-term focus: nature

Chemicals	Chemicals are being phased out and replaced by green chemicals in a continued dialogue with the Danish Environmental Protection Agency.
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Sustainability Report continued

The environment

As a non-operator, BlueNord will work to protect the environment where possible, both in its own operations, and through the Company's partnership with the DUC.

In 2022, BlueNord had improved operational efficiency and higher activity related to the ongoing HUC on Tyra II. As 2022 was a transitional year towards bringing Tyra II on stream, which will reduce emissions intensity by 30 percent, this resulted in higher emissions than in 2021. However, with several measures, BlueNord reduced the routing flaring which will be completely eliminated during 2023.

Performance status 2022: climate

TOPIC	DESCRIPTION	2021 PERFORMANCE	2022 PERFORMANCE	CHANGE
CO₂ emissions	The main source of CO ₂ is the fuel gas required for production. In addition, the figure also includes the contribution from flaring and other fuels. The increase from 2021 to 2022 stems from higher operational efficiency on producing platforms, and higher activity related to the ongoing HUC on Tyra.	Total CO₂ emissions 0.27 mill. tonnes	Total CO₂ emissions 0.29 mill. tonnes	Higher
Fuel consumed in production at platforms*	Fuel is consumed primarily by single cycle gas turbine powering generators, gas compressors, and pumps. The increase from 2021 to 2022 stems from higher operational efficiency on producing platforms.	Gas fuel CO₂ emissions 76% Diesel: 7%	Gas fuel CO₂ emissions 76% Diesel: 10%	Unchanged Higher
Flaring at platforms*	Flaring of natural gas is occurring on all hubs when required to allow safe operation during production upsets and non-routine operation. The reduction from 2021 to 2022 is due to the measures initiated to reduce and eventually stop routine flaring, including the reroute of Halfdan.	Flaring CO₂ emissions 13%	Flaring CO₂ emissions 10%	Lower
Fugitive emissions at platforms*	Venting of gas from production facilities is to ensure safe operation. Venting is primarily relevant for systems operating at atmospheric pressure, but it also occurs during facilities maintenance.	Venting CO₂ emissions 4%	Venting CO₂ emissions 4%	Unchanged
NOx and SOx emissions	The operation of gas turbine drives and diesel engines offshore causes emissions of nitrogen oxides and sulphur oxides. The increase from 2021 to 2022 stems from higher operational efficiency on producing platforms, and higher activity related to the ongoing HUC on Tyra.	NOx 1.262 tonnes SOx 14.4 tonnes	NOx 1.515 tonnes SOx 16.9 tonnes	Higher Higher
CH₄	CH ₄ and nmVOC come directly from our gas. They can originate from unburned parts of our fuel gas or flare gas (they do not burn at 100 percent efficiency) or from releases, i.e. process vents or tiny leaks that are below threshold limits of our safety detection systems.	736 tonnes	669 tonnes	Lower

* figures relate to the percentage of emissions stemming from production at platforms.



KEY

▲ Increased ● Unchanged ▼ Decreased

Performance status 2022: climate continued

TOPIC	DESCRIPTION	2021 PERFORMANCE	2022 PERFORMANCE	CHANGE
nmVOC	CH4 and nmVOC come directly from our gas. They can originate from unburned parts of our fuel gas or flare gas (they do not burn at 100 percent efficiency) or from releases, i.e. process vents or minor leaks that are below threshold limits of our safety detection systems.	590 tonnes	555 tonnes	▼ Lower
GHG (CO₂e)	GHG emissions consist of all the above-mentioned emissions. The increase from 2021 to 2022 stems from higher operational efficiency on producing platforms, and higher activity related to the ongoing HUC on Tyra.	0.30 mill. tonnes	0.31 mill. tonnes	▲ Higher
GHG intensity (CO₂e/Mboe)	—	28.0	29.7	▲ Higher

Performance status 2022: nature

Discharge to Sea	Water is produced from the fields together with the hydrocarbons. For the fields Dan and Halfdan, the produced water is discharged to the sea after separation. In the fields Gorm and Skjold, the water is reinjected. The water produced is partly formation water and partly injected sea water. In 2022, 26.3 percent of the produced water was reinjected. Oil is discharged to sea as part of the produced water and the efficiency of oil/water separation is a key factor for the oil in water concentration. The increase in concentration of oil in water from 2021 to 2022 is due to more separation issues. The higher volume of oil discharged has increased due to the concentration level increase in addition to more discharged produced water. The level of discharge is within the legal limit.	Discharged produced water 6.2 mm m3	Discharged produced water 6.5 mm m3	▲ Higher
		Volume of oil discharged 33.8 tonnes	Volume of oil discharged 45.0 tonnes	▲ Higher
		Oil concentration in water 5.5 mg/L	Oil concentration in water 6.9 mg/L	▲ Higher
Spills	Spills from closed systems and from handling of various liquids are reported in accordance with environmental regulation. In 2022, 6 oil and diesel spills and 32 chemical spills were reported, compared with 8 oil and diesel spills and 29 chemical spills in 2021. Ongoing efforts are made to minimise the number and level of spills that occur.	Oil and diesel spills 0.33 tonnes	Oil and diesel spills 0.25 tonnes	▼ Lower
		Chemical spills 0.98 tonnes	Chemical spills 33.3 tonnes	▲ Higher

Sustainability Report continued

The environment continued

Carbon Capture Storage (CCS)

To support the Danish climate targets and reduce carbon emissions globally, CCS technologies need to be deployed on a large scale.

CCS is a means of mitigating carbon emissions and climate change while allowing energy consumption from fossil fuels and biomass. It involves the separation, treatment and transportation of CO₂ from industrial sources to a long-term storage location. As noted in the IEA report "Net Zero by 2050: A Roadmap for the Global Energy Sector", CCS can facilitate the transition to net-zero CO₂ emissions by tackling emissions from existing assets and providing a way to address emissions from some of the most challenging sectors. BlueNord is involved in two CCS projects.



Project Bifrost is developing a concept for storing CO₂ in a depleted reservoir in the Harald field. This partnership is between the DUC, Ørsted and the Technical University of Denmark (DTU).

This project assesses the potential for transporting and storing CO₂ underground offshore in the Harald field – from the CO₂ being captured on land, to the transportation offshore via specialised shipping or existing pipelines, and finally injected into the empty gas reservoirs at the Harald field.

The site was chosen because of the Danish geology. Situated 3650 meters below the surface, the depleted Harald-West sandstone reservoir is suitable for permanently and

safely storing CO₂ due to its good containment and strong shale seal. With a storage capacity of several million tons per year, the Harald-field was the perfect location for the partnership to begin its development.

The project will also assess the potential reuse of additional DUC infrastructure as they become available, in addition to the use of existing pipelines for transportation, connecting the DUC fields to Denmark as a national CO₂ transportation system which can later connect to a future European cost and climate-efficient CO₂ transportation system.

Project Bifrost has received public funding from the Energy Technology Development

and Demonstration Programme (EUDP), a subsidy granted as part of the Danish state's national climate strategy towards a zero-emission society. CCS has been chosen for this strategic public investment as the technology is estimated to deliver a significant part of the reductions Denmark needs to meet the 70 percent reduction target. If the development and demonstration program proves successful, Project Bifrost will be matured towards a final investment decision (FID).

Timeframe until the beginning of CCS operations in Harald reservoirs





CarbonCuts

CarbonCuts is a newly established early-stage initiative with the goal of establishing an onshore CO₂ storage location. CarbonCuts is key to addressing Denmark's ambitions for onshore storage of CO₂.

BlueNord provides financial, technical, and commercial support. The Danish Energy Agency has previously selected the relevant areas with geological structures suitable for CO₂ storage. There is currently a feasibility

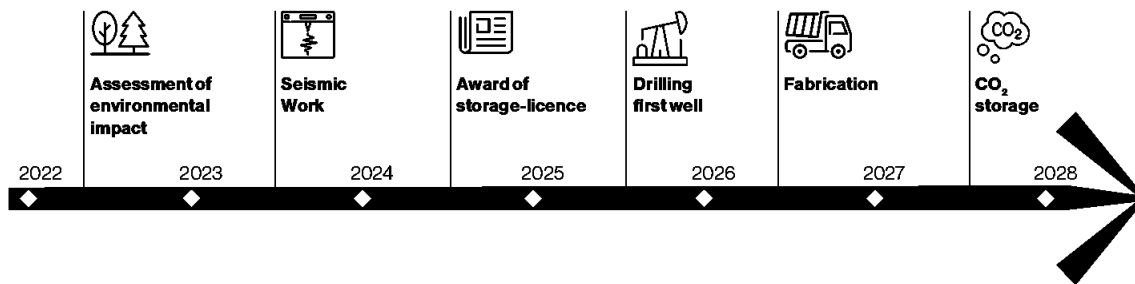
study underway for a CO₂ storage facility at the Rødby coastline, onshore Denmark with the project name Ruby. BlueNord is funding this phase with approximately USD 3 million.

The first storage for CO₂ is expected in 2027. The project has quickly received local support and has attracted national and international political interest.



BlueNord made a strategic investment in CarbonCuts, a start-up company focused on assessing the potential for onshore CCS in Denmark.

Timeframe until the beginning of CCS operations for the Ruby project.



Research to reduce environmental impact

Together with its partners in the DUC, BlueNord invests in research and development to support and grow its exploration and production activities. The DUC has a partnership with the Technical University of Denmark and together have established the Danish Offshore Technology Centre ('the Centre').

The Centre conducts research to improve future production of oil and gas from the Danish North Sea and seeks to both improve cost efficiency and reduce environmental impact. An additional focus and overall objective of the Centre is to secure qualified researchers and potential employees essential for sustaining and further increasing the recovery of the Danish oil and gas resources. One of BlueNord's employees carried out a PhD-study at the Centre, including a four month internship at BlueNord during spring 2022.

In 2022, the DUC contributed funding amounting to DKK 95 million. The Centre has the following areas of focus:

- Abandonment of offshore oil and gas fields. Monitoring of abandoned installations in reference to an environmental baseline, for long-term protection.
- CO₂ storage in old oil and gas fields. No showstoppers have been identified for storage in chalk.
- Produced water management. Developing new technologies to optimise the water treatment process (zero harmful discharge vision).
- Operations and maintenance technology. Modular architecture for planning maintenance in a cost-effective way.

In addition to the Research and Development studies conducted at DTU Offshore, BlueNord is also participating in the Inno-CCUS partnership which is developing and maturing technology relating to capture, storage and utilisation of CO₂.

95m DKK
Funding contributed in 2022



Sustainability Report continued

Task Force on Climate-related Financial Disclosures (TCFD)

Introduction to framework

There is a growing demand for decision-useful, climate related information, and creditors and investors are increasingly demanding access to risk information that is consistent, comparable, and clear.

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. Additionally, TCFD encourages the standardised reporting structure for financially material climate-related risks and opportunities to give investors, lenders, and insurers enhanced comparability when assessing and pricing pertinent companies.

The TCFD framework is made up of 11 recommended disclosures divided into four pillars that represent core elements of how organisations operate. The four pillars are: governance, strategy, risk management, and metrics and targets. Moreover, the framework separates into

three main categories: risks related to the physical impacts of climate change, risks related to the transition to a lower-carbon economy, and climate-related opportunities. TCFD has also incorporated financial impact as an integral part of its disclosure recommendations.

In line with the TCFD recommendations, a report in accordance with TCFD is as of 2022 an integrated part of BlueNord's annual financial reporting, and the report is reviewed annually by the audit committee, ESG committee and the board.

Core Elements of Recommended Climate-Related Financial Disclosures

Governance

Governance

The organisation's governance around climate-related risks and opportunities.

Strategy

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.

Risk Management

Risk management

The processes used by the organisation to identify, assess and manage climate-related risks.

Metrics and Targets

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.



GOVERNANCE	RECOMMENDED DISCLOSURES		
Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate related risks and opportunities.	b) Describe the management's role in assessing and managing climate-related risks and opportunities.	
STRATEGY	RECOMMENDED DISCLOSURES		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
RISK MANAGEMENT	RECOMMENDED DISCLOSURES		
Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	b) Describe the organisation's processes for managing climate-related risks.	c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management.
METRICS & TARGETS	RECOMMENDED DISCLOSURES		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.



In BlueNord we have identified the most significant climate-related risks and opportunities we face.

Sustainability Report continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

01

Governance

Board level oversight

The board recognises the importance of steering the impact of potential climate-related risks and opportunities on BlueNord's business and strategy. The board therefore supports the recommendations of the Task Force on Climate-related Financial Disclosures.

The board of directors has the ultimate responsibility for the company management, including oversight of climate-related strategic planning, and risk and opportunity management. The chair of the board has the overall responsibility for the management of climate-related issues in BlueNord. The board has a responsibility to ensure that BlueNord's activities regarding climate issues are included in the company's strategy, and climate-related targets are defined. The board will receive regular updates from the ESG committee and the management group in BlueNord. The board is responsible for ensuring that the BlueNord's risk management and internal control systems are adequate in relation to the regulations governing the business.

The board reviews the group's main risk areas and internal control systems annually, including the group's values, code of conduct and corporate responsibility. The board reports yearly on climate impacts and risks that the company faces, in the non-financial section of the board of directors' report.

Management level oversight

The executive management is responsible for risk and opportunity identification and for ensuring effective processes and mitigation efforts, including climate-related issues, risks and opportunities within the managers' respective areas of responsibility. The EVP for Investor Relations & ESG reports directly to the CEO.

In 2020, an ESG committee was established to support BlueNord's commitment to ESG and to evolve its contribution in the energy transition. Read more about the ESG committee's work in the ESG committee report on page 80.

02

Strategy

Identified climate-related risks and opportunities

In line with the recommendations laid out in the TCFD framework, BlueNord has in February 2023 conducted a process to assess how – and to what extent – the company is exposed to climate risk. Management representatives for Finance and Investor Relations & ESG participated in a workshop to identify significant physical risk, transition risk, and opportunities caused by climate change. In the workshop, the identified risks and opportunities were assessed in a strategic and financial context, in three different time horizons and in four different climate scenarios (more information about the scenario analyses is disclosed in chapter 2c).

As climate-related risks and opportunities influence BlueNord's strategic and financial planning differently in the short, medium, and long-term, BlueNord considered these three time horizons in the workshops. The following definitions of three time horizons are applied:

Time horizon	Year
Short-Term	2023-2025
Medium-Term	2025-2030
Long-Term	2030-2050

For BlueNord, it is important to identify the most significant climate-related risks and opportunities we face, as it can help us to make informed decisions about how to mitigate or take advantage of these factors.

To identify the most critical risk factors, the management representatives assessed factors that could potentially impact the operations negatively and the probability of occurrence. To identify the opportunities with the highest potential, the management representatives assessed how the factors could potentially impact the company positively and the degree of difficulty to take advantage of the opportunity.

Risk factors defined as most critical:

- Increased/high CO₂ tax

Opportunity defined with highest potential:

- Resource efficiency
- Financial markets evolvement
- BlueNord has relatively flexible investments
- The sector is already strictly regulated and already prepared for harsh weather conditions



Acute physical risk

Through our acute physical risk identification process, we identified extreme weather due to increased frequency and intensity of strong wind, storms, and hurricanes as most significant to BlueNord. Such events may impact BlueNord's direct operations, or cause disruptions in the supply chain. Any events delaying production have a financial implication.

Identified risk	Description of risk	Potential impacts	Potential financial impacts	Most relevant scenario	Time horizon	Mitigation strategy
Increased frequency and intensity of strong wind, storms, and hurricanes interdependency	Climate change and temperature increases may lead to more extreme weather. The wind speed is expected to increase, and the air will contain more moisture. This will lead to increased occurrences of strong winds, storms, and hurricanes in the future.	<p>Inability to have people safely offshore.</p> <p>Inability to transport people and equipment, as this is done by helicopter and supply ships.</p> <p>Weakened production capacities due to shortage of supplies, employees and possible damage to the equipment.</p>	<p>Reduced revenue and increased costs associated with asset repair and additional labour.</p> <p>Potential impact on production.</p>	BlueNord sees the greatest consequences in STEPS, but the negative effects may be more relevant for the supply chain at an earlier stage.	Long-term	The sector is already strictly regulated and, prepared for risks related to harsh environment. Furthermore, we continuously assess equipment for drilling and supply to make sure it stands changes in climate.

Chronic physical risk

Chronic physical risks refer to longer-term shifts in climate patterns, such as sustained higher temperatures that may cause sea level rise or chronic heat waves.

Identified risk	Description of risk	Potential impacts	Potential financial impacts	Most relevant scenario	Time horizon	Mitigation strategy
Rising sea levels	Sea levels may rise due to expanding ocean volumes from temperature increases and from melting glaciers and ice sheets.	High waves which hit the infrastructure on the platform causing damage.	Increased cost due to adaption of platforms in order to handle rising sea level.	Most relevant in STEPS	Long-term	The platforms have already been reconstructed or assessed to meet the risk of sinking seabeds. This has prepared them more for extreme weather events and rising sea levels.

Sustainability Report continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

Transition risk – Policy and Legal

Transitioning to a lower-carbon economy may entail extensive policy and legal changes to address mitigation and adaptation requirements related to climate change. We have identified the following policy actions and climate-related litigation claims as the most significant for BlueNord:

Identified risk	Description of risk	Potential impacts	Potential financial impacts	Most relevant scenario	Time horizon	Mitigation strategy
Uncertainty related to the EU Taxonomy and how this will impact BlueNord	Increasing need to demonstrate that economic activities are environmentally sustainable.	More difficult and more expensive to raise support from a capital market perspective and debts perspective.	Limited access to capital.	Most relevant in NZE/SDS	Medium, and long-term	Focus on having a close dialogue with investors. Transparency is crucial when it comes to climate risk. BlueNord focuses on being as transparent as possible towards investors and other stakeholders.
Increased carbon pricing and taxes	Carbon tax is an instrument for cost-effective cuts in greenhouse gas emissions. Other extraordinary taxes or measures to affect the operations of high emission sectors could also be put in place as solidarity measures.	Low emissions and being part of the energy transition will play a bigger part in the licence to operate.	Increase cost of the business and shorten life of assets.	Most relevant in NZE/SDS	Short, medium and long-term	Reducing emissions as much as possible on current and future operations. Possible offset through storing CO ₂ .

Transition risk – Technology

Technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system can have a significant impact on organisations.

Identified risk	Description of risk	Potential impacts	Potential financial impacts	Most relevant scenario	Time horizon	Mitigation strategy
Transition to lower emission technology	Gas has a role and opportunity in the transition. In the long run, the need for oil and gas will change/decrease. Technology also represents an opportunity in identifying, addressing, and reducing risks.	Changes in demand due to: <ul style="list-style-type: none"> declining cost on renewables electrification of industries and transportation advanced technology, which makes it possible to monitor and detect possible spills and reduce impact, and consequently, identify and reduce emissions. 	Decrease in revenue, due to reduced oil and gas demand. Technology for monitoring will provide more precise measures, ability to respond immediately and potentially reduce financial impact.	Most relevant in NZE	Medium, and long-term	CCS projects, both on shore and off shore.



Transition risk – Market

While the ways in which markets could be affected by climate change are varied and complex, one of the major ways is through shifts in supply and demand for certain commodities, products, and services as climate-related risks and opportunities are increasingly taken into account.

Identified risk	Description of risk	Potential impacts	Potential financial impacts	Most relevant scenario	Time horizon	Mitigation strategy
Changes in gas demand	The transition to a zero-emissions society is expected to decrease the demand for gas in the long run. It is uncertain how fast the transition will go. At the moment, it is going slower than expected – all sectors still depend on gas. The current geopolitical situation has increased the focus on energy security where gas plays a part, but also where the transition to renewables has increased its pace.	Declining demand based on new technology. For instance, EVs, circular economy and less use of plastic.	Decreased revenues	Most relevant in NZE	Medium and long-term	BlueNord focuses on gas as transition fuel.

Transition risk – Reputation

Climate change has been identified as a potential source of reputational risk tied to changing customer or community perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy.

Identified risk	Description of risk	Potential impacts	Potential financial impacts	Most relevant scenario	Time horizon	Mitigation strategy
Reputation risk in the era of ESG	Fossil fuel is not a renewable energy source and leaves a large carbon footprint. Still, gas will play a role in the future energy mix. Abandonment of infrastructure needs to be done in a safe and sustainable manner and thus contributing to circularity of these materials.	Oil and gas producers do not have a good reputation in the field of ESG. Will need to demonstrate that one takes the expected responsibility. Increased requirements for abandonment and be stricter going forward.	Reduced revenue from decreased demand for goods/ services. Reduction in capital availability and higher cost of capital. Increased cost related to abandonment/ recycling.	Most relevant in NZE, SDS	Medium and long-term	Presenting a balanced view of our activities. As a producer of natural gas, we are part of the transition by investing in for example carbon capture projects. BlueNord is working diligently to recycle materials. The company is also assessing leave equipment on seabed vs removal based on value for sealife, and reuse of infrastructure etc in order to abandon infrastructure in a sustainable manner.

Sustainability Report continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

Resource efficiency

There is growing evidence that it is possible for organisations to reduce operating costs by improving efficiency across production and distribution processes, buildings, machinery/appliances, and transport/mobility.

Identified risk	Description of risk	Potential impacts	Potential financial impacts	Most relevant scenario	Time horizon	Mitigation strategy
Efforts to increase resource efficiency	More efficient operations can lower cost and be good for both business and environment.	Increased productivity of production, which leads to higher income and lowering unit cost.	Increased interest from investors. Easier access to capital. Increased revenue.	All	Short, medium, and long-term	Reducing emissions from our facilities in collaboration with the operator. We work actively to reduce flaring and optimising our process to reduce emissions and energy use by for example having facilities linked more closely.

Energy sources

The trend toward decentralised clean energy sources, rapidly declining costs, improved storage capabilities, and subsequent global adoption of these technologies are significant. Organisations that shift their energy usage toward low emission energy sources could potentially save on annual energy costs.

Identified opportunities	Description of opportunity	Potential impacts of exploring the opportunity	Potential financial impacts	Most relevant scenario	Time horizon	Positioning strategy
Use of alternative energy in operations	The world is switching to renewable energy and electrical operating solutions that reduce the emission of CO ₂ . BlueNords platforms are gas-fired or fired by diesel generators. There is a potential to develop the approach to alternative energy sources.	Emissions reduction	Easier access to capital	Most relevant in NZE	Medium and long-term	Dialogue with the operator on alternative energy sources. We have made major investments in accordance with the strategic project: 100 percent electric solutions (hydropower) by 2025.

Products and Services

Organisations that innovate and develop new low-emission products and services may improve their competitive position and capitalise on shifting consumer and producer preferences.

Identified opportunities	Description of opportunity	Potential impacts of exploring the opportunity	Potential financial impacts	Most relevant scenario	Time horizon	Positioning strategy
New products	To reach the climate targets and reduce carbon emissions internationally, carbon capture storage (CCS) technologies need to be deployed on a large scale and will be increasingly important.	CCS represents a benefit for the climate which does not involve the sacrifice of crucial energy sources.	Increased interest from new investors and easier access to capital.	Most relevant in NZE	Medium and long-term	Two CCS projects: Project Bifrost and CarbonCuts.



Markets

Organisations that pro-actively seek opportunities in new markets or types of assets may be able to diversify their activities and better position themselves for the transition to a lower-carbon economy. In particular, opportunities exist for organisations to access new markets through collaborating with governments, development banks, small-scale local entrepreneurs, and community groups in developed and developing countries as they work to shift to a lower-carbon economy. BlueNord has addressed the following opportunity:

Identified opportunities	Description of opportunity	Potential impacts of exploring the opportunity	Potential financial impacts	Most relevant scenario	Time horizon	Positioning strategy
Financial markets involvement	ESG and climate risk is increasingly seen as an important risk in the financial markets	Shift from the typical funding sources to more targeted structures.	For those not addressing this – higher risk and costs. Changed interest rate market.	Relevant in all scenarios	Short, medium and long-term	Various measures to be more suited for a changed financial market.

Resilience

The concept of climate resilience involves organisations developing adaptive capacity to respond to climate change to better manage the associated risks and seize opportunities, including the ability to respond to transition risks and physical risks. Opportunities related to resilience may be especially relevant for organisations with long-lived fixed assets or extensive supply or distribution networks; those that depend critically on utility and infrastructure networks or natural resources in their value chain; and those that may require longer-term financing and investment.

Identified opportunities	Description of opportunity	Potential impacts of exploring the opportunity	Potential financial impacts	Most relevant scenario	Time horizon	Positioning strategy
Strictly regulated sector	The energy transition will cause stricter regulations.	Changes in regulations, CO ₂ taxes.	For those that are already in line with the regulations it can decrease the demand for mitigation and adjustment of strategy.	Most relevant in STEPS	Short, medium and long-term	BlueNord is already part of a strictly regulated sector that operates in harsh weather. Many precautions and adaptations are therefore already conducted and can be a competitive advantage.
Flexible future investments	Future market developments will greatly effect the return on investments in fossil fuels.	Increase in future profits by being dynamic and adjusting investment strategy.	Less risk of being locked in outdated solutions and demand scenarios, flexibility to diversify and increase profitability.	Most relevant in STEPS	Short, medium and long-term	BlueNord can choose to invest in more gas-weighted projects or CCS depending on how the market is evolving. Currently, the market for gas and the value is increasing, and that's where BlueNord is focusing its business decisions to take advantage of those changes.



Sustainability Report continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

Scenario analysis

In line with the recommendations laid out by the TCFD, BlueNord conducted a qualitative scenario analysis in 2023 of all identified risks and opportunities as part of the climate risk assessment.

The following scenarios were applied in the assessment:

Scenario

The Net Zero Emission by 2050 Scenario (NZE)

Limiting the global **temperature rise to 1.5°C** without a temperature overshoot (with a 50 percent probability). The NZE is a normative scenario, meaning it **starts with a defined goal to achieve net zero CO₂ emissions by 2050**, and shows an example of a pathway that could get the world to that target.

In this scenario, **demand for oil falls by more than 2 mb/d per year between 2020 and 2050. Demand for natural gas grows to 2025, drops after 2025 and falls well below 2020 levels by 2030.**

The Sustainable Development Scenario (SDS)

IEA's Sustainable Development Scenario (SDS) is compatible with the **Paris Agreement's less ambitious "well-below 2°C" goal**. It assumes all energy-related SDGs and all current net-zero pledges are achieved, with advanced economies reaching net zero emissions by 2050, China by 2060 and all others by 2070 at the latest. **It has a 50 percent probability of limiting global temperature rise to 1.65°C**, assuming no extensive net negative emissions. With some net negative emissions after 2070, temperature rise could be reduced to 1.5°C by 2100.

The Announced Pledges Scenario (APS)

This scenario appears for the first time in the WEO -2021. It **assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions and longer term net zero targets as of mid-2021, will be met in full and on time.**

In the APS, global oil demand peaks soon **after 2025 and then falls by around 1 mb/d per year to 2050. Demand for natural gas also reaches its maximum level soon after 2025 and then declines slowly.**

The Stated Policies Scenario (STEPS)

Rather than assuming that governments will reach all announced goals, **this scenario reflects a sector-by-sector assessment of the specific policies that have been put in place, as well as those that have been announced by governments around the world.**

This scenario provides a more conservative benchmark for the future. **In the STEPS, global oil demand exceeds 2019 levels by 2023 before peaking in the mid-2030s and then declining very gradually to 2050. Demand for natural gas continues to rise after 2025 and is around 15 percent higher in 2030 than in 2020.**

03

Risk management

The identification, assessment, and management of climate-related risks and opportunities is an integral part of BlueNord's multidisciplinary risk and opportunity management. BlueNord's board of directors, its ESG committee and management will conduct regular reviews of the group's activities for identifying, assessing, and responding to climate-related risks and opportunities. The risk management process will also be reviewed on an annual basis.

2023 was the first year of implementation of the climate-risk management process recommended by TCFD, and a material risk and opportunity matrix system developed by Tavler AS was used as a foundation for this process. The identification and assessment process were conducted through a workshop with EVP Finance and EVP Investor Relations & ESG representing different organisational levels and functions (internally), thus providing a balanced picture of the risks and opportunities faced by BlueNord.

In the matrix, the impact (large, relatively large, relatively easy, easy) and likelihood (high/low) of each risk and opportunity are determined. Based on each risk's categorisation, BlueNord will develop, review, and implement response plans to mitigate risks and maximise opportunities.

04

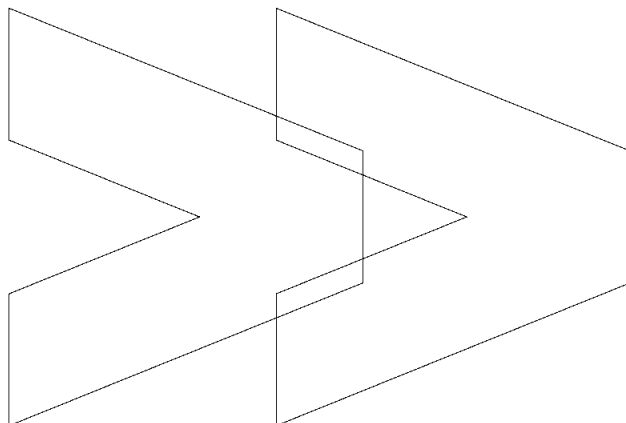
Metrics and Targets

BlueNord works actively to reduce our carbon footprint while contributing to energy security. Our commitments are 30 percent reduction in emissions intensity by 2025 and 80 percent power from renewables by 2029. BlueNord will also focus on investing in suitable and earlier stage CCS projects.

As a non-operator, BlueNord will work to protect the environment where possible, both in its own operations, and through the company's partnership in the DUC. The data reported on climate and nature have been supplied by the operator TotalEnergies for the DUC. Going forward, BlueNord will monitor and report on performance year-on-year as part of our sustainability strategy which will be established later this year.

BlueNord's ambition is to report on scope 1 and 2 for 2023.

The following metrics are used by BlueNord to assess climate-related risks and opportunities: CO₂ emissions, Fuel consumed, Flaring, Fugitive emissions, NO_x and SO_x emissions, GHG, CH₄ emissions, nmVOC emissions, GHG intensity. The company aims to add further metrics and indicators to track mitigation on transition risk and this will be added as part of the work with the sustainability strategy in 2023.



Our commitment to emissions intensity reductions by 2025

30%



Our commitment to using power from renewables by 2029

80%



Sustainability Report continued

Social impact

Health and safety

We strive to create a safe and healthy work environment which is embedded through our health, safety, and the environment (HSE) Policy.

The Danish Offshore Safety Act ('the Act') is the legal framework for health and safety offshore and enables companies to solve offshore health and safety issues themselves. The Act applies to all offshore activities related to hydrocarbon facilities, infrastructure and connected pipelines.

Licensees under the Danish Subsoil Act are required to identify, assess, and reduce health and safety risks as much as reasonably practicable, as well as be compliant with the "as low as reasonably practicable principle". Furthermore, the licensee shall ensure that operators are able to fulfil the safety and health obligations in accordance with the Danish Offshore Safety Act.

In 2022 there were no recorded work-related accidents or injuries. Safe and secure operations are the utmost priority for BlueNord and we will continue to focus on this in 2023.

Diversity, equality, and inclusion

The requirement of the Norwegian Equality and Anti-Discrimination Act stipulates that organisations must identify and address challenges regarding equality and diversity in the workplace before any incidents or discrimination take place.

Following the Norwegian Equality and Anti-Discrimination Act, BlueNord has undertaken a longer process related to the activity requirement and has conducted extensive work to investigate risks of discrimination and other barriers to equality. Based on this risk analysis, BlueNord has set goals, implemented measures, and established a plan for work.

BlueNord is perceived to have satisfactory processes related to recruitment, determination of wages and benefits, career opportunities and corporate ladder, workplace facilitation, work-life balance, and handling findings identified through employee surveys and

interviews. Measures related to findings have been identified and reviewed in collaboration with the EVP People & Capability to ensure that the measures are put into practice.

BlueNord's core values have been reviewed and revitalised, the parental leave schemes on all locations have been reviewed. A new HR system was implemented in 2022 with data gathering and specific KPI dashboards for diversity, equity, and inclusion to be further matured. Channels for handling any potential discrimination issues, have been formalised in the company's harassment policy supplementing the existing Whistleblowing procedure and its integrity channel. In 2022 a culture programme that continues throughout 2023 with key topics related to DE&I was introduced as well.

BlueNord believes embracing and fostering diversity and inclusion positively impacts employer attractiveness, employee retention and drives performance across the company.

On basis of the new results from the organisational survey, relevant DE&I goals and further initiatives for 2023 will be set for BlueNord to be recognised as an equal opportunity employer, committed to promoting diversity and inclusion in the workplace. BlueNord aims for an inclusive organisational culture with high employee engagement and where all people find that they are empowered, respected, and have a strong sense of belonging.

BlueNord has introduced an internal DE&I index as part of its active work to identify and counteract any discrimination and promote diversity and equity in the workplace. The index is based on 15 statements extracted from the comprehensive annual employee engagement survey. The index result, based on a 94 percent response rate, will be the benchmark for coming surveys and an efficacy indicator when efforts based on findings are implemented and to be evaluated.

Human rights and decent working conditions

BlueNord is committed to respecting fundamental human and labour rights, both in our own operations and in our relations with business partners. Our employees shall be treated with respect and given orderly working conditions. BlueNord will continue to champion issues such as non-discrimination, the right to privacy, the right to collective bargaining, employment contracts and protection against harassment. Forced labour, child labour and all forms of discrimination are strictly forbidden. See appendix 2, Transparency Act Statement, for more details on BlueNord's work to safeguard human rights and decent working conditions.

Our values



Bold

we are determined, using our creativity and technical expertise to challenge the status quo, willing and unafraid to explore alternative paths

Purposeful

we are ambitious, moving forward with purpose and a focus on value and results. Our people are connected, contributing to the bigger picture.

Dependable

we deliver on what we promise, sharing ideas and possibilities. We are in this together, supporting each other throughout.

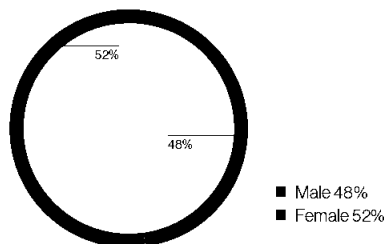
DE&I Index

79%

Work-related accidents or injuries in 2022

0

DE&I gender split



Governance

BlueNord believes that effective corporate governance is critical in ensuring accountability, achieving strategic goals and generating value for stakeholders. The Company seeks high standards of performance and professionalism based on honesty, integrity and fairness in its business practices. BlueNord works together with partners and contractors on the basis of the same principles of integrity and fairness, with zero tolerance for bribery and corruption.

BlueNord is committed to respecting fundamental human and labour rights, both in operations and in relations with business partners. At BlueNord, we comply with all applicable laws and regulation.

Roles and responsibilities

The executive management is responsible for risk and opportunity identification and for ensuring effective processes and mitigation efforts, including ESG matters within the managers' respective areas of responsibility. The EVP for Investor Relations and ESG reports directly to the CEO. In 2020, an ESG Committee was established to support BlueNord's commitment to ESG and to evolve its contribution in the energy transition.

Responsible business and code of conduct

BlueNord is committed to conducting our business in a responsible, ethical and lawful manner. We want to be a trusted partner – to our customers, shareholders, colleagues, business partners, and neighbours.

BlueNord's code of conduct forms the basis for the high standards of integrity in our business. The code of conduct applies to all Directors, officers, and employees, including subsidiaries in which BlueNord holds (directly or indirectly) a 50 percent ownership interest. The code of conduct also applies to those acting for or on behalf of BlueNord. BlueNord also expects our business partners, such as suppliers, subcontractors, joint venture partners, and other contracting parties, to adhere to standards consistent with this code of conduct.

Corporate social responsibility (CSR) policy

BlueNord shall respect human and labour rights, establish good HSE standards, facilitate good dialogue with stakeholders, and generally operate in accordance with applicable regulatory frameworks and good business practice.

At the core of the group's CSR policy is the Group's five corporate values: bold, purposeful and dependable. The values define who we are, how we act and what employees of the Company and Group stand for.



In 2020 an ESG committee was established to support BlueNord's contribution to the energy transition.

Each Group Company has an independent responsibility for exercising corporate social responsibility in accordance with the Group's principles, but is free to design its own additional activities and instruments. In addition, each Group Company has adopted a compliance manual that provides detailed information regarding the professional and ethical standards and compliance requirements of all Group companies.

The Group's CSR policy is adopted by the Company's Board of Directors and shall be evaluated at least every second year. The Managing Director of the Company is responsible for ensuring the follow up of and compliance with the content of the policy. All Group subsidiaries are responsible for the day-to-day practice of this policy. The Company's corporate social responsibility policy can be found on the Company's web site: www.BlueNord.com/csr.

Whistleblowing

The Company established a whistleblowing procedure in 2019, which is handled by PriceWaterhouseCoopers (PwC). The whistleblowing procedure applies to all officers, Directors and employees of the Company, whether temporary or permanent, full-time or part-time, and regardless of their location. The Company has made sure to communicate the whistleblowing process to everyone in the organisation.

Anyone doing business for or on the Company's behalf must comply with the Group's whistleblowing policy. Further details about the whistleblowing policy can be found in the Group's compliance manuals <https://www.BlueNord.com/whistleblowing>.

Anti-corruption and bribery

BlueNord has zero tolerance regarding corruption and bribery. The Company expects that the local management of each Group subsidiary promotes a strong anti-corruption culture. Each Company shall make active efforts to prevent undesirable conduct and ensure that their employees are capable of dealing with difficult situations.



CSR policy

You can find out more in our Corporate Social Responsibility policy.

Find out more at BlueNord.com/csr



ESG Committee

Read our latest ESG Committee Report.

Find out more on [page 80](#)



Sustainability Report continued

Norwegian Transparency Act Statement

Account of the due diligence assessment

Norwegian Energy Company ASA (BlueNord) is committed to respecting fundamental human and labour rights, both in the operations and in relations with business partners. At Norwegian Energy Company ASA (BlueNord), we comply with all applicable laws and regulations, including the Norwegian Transparency Act, entered into force on 1 July 2022. The Act's intention is to promote companies' respect for fundamental human rights and decent working conditions.

Organisation

Norwegian Energy Company ASA (BlueNord) is a material independent E&P company with a "see to it" obligation, meaning an obligation to ensure that the operator carries out its work in accordance with the regulatory requirements while reducing risks and environmental impact to a minimum.

The executive management is responsible for overall risk management with the EVP Investor Relations & ESG responsible for the work carried out regarding the Transparency Act. This work is included in BlueNord's ESG work. In 2020, an ESG committee was established to support BlueNord's commitment to ESG and to evolve its contribution in the energy transition.

Guidelines and routines

Norwegian Energy Company ASA (BlueNord) has developed guidelines to prevent violations of human rights, in decent working conditions, damage to the environment, and involvement with corruption. The relevant guidelines are described in the corporate social responsibility guidelines, including the code of conduct as well as the HSE policy, approved by the board of directors. In October 2022, Norwegian Energy Company ASA (BlueNord) conducted an overall due diligence assessment in accordance with the requirements of the Transparency Act based on a methodology in accordance with ISO Standard 31000 for managing risks. The company is committed to perform annual due diligence assessments on these topics to monitor and manage actual and potential adverse impacts on human rights and working conditions.

Findings in 2022

Norwegian Energy Company ASA (BlueNord) performed an overall strategic risk assessment including risks associated with its operator. For the time being, the company only holds interest in the Danish Underground Consortium (DUC), which is operated by TotalEnergies.

In the risk assessment, Norwegian Energy Company ASA (BlueNord) focused on the following five categories and related activities in its value chain: exploration, appraisal, development, production, and abandonment. Business partners who provide the company with goods and services that are not direct parts of the value chain were also part of the assessment. These non-negligible expenditures are mainly related to acquisition of seismic data, IT and digitalisation services, office services such as cleaning- and canteen services and professional services such as insurance, accounting, legal and other commercial or technical advisors and hire of in-house technical specialists.

No negative consequences were discovered in the due diligence assessment. This is not surprising, given that Norwegian Energy Company ASA (BlueNord) has limited activity in the various categories and operates within strong sector regulations.

When prioritising risks while identifying uncertainties, Norwegian Energy Company ASA (BlueNord) highlighted yard activities, input factors used in construction, and dismantling and managing steel and waste disposal when brought to shore, as the most severe risks that may occur.



CSR policy

You can find out more in our Corporate Social Responsibility policy.

Find out more at [BlueNord.com/csr](https://bluenord.com/csr)

Oslo
28 March 2023

Riulf Rustad
Executive Chair

Tone Kristin Omsted
Board member

Marianne Lie
Board member

Colette Cohen
Board member

Robert J. McGuire
Board member

Jan Lernout
Board member

Peter Coleman
Board member

Euan Shirlaw
Chief Executive Officer

Measures

Concrete measures and initiatives have been identified to manage the identified severe risks that may occur.

These measures involve that Norwegian Energy Company ASA (BlueNord) will investigate and approve contractors regarding human rights and working conditions, request information from the operator concerning processes on these topics, follow projects closely, and visit the yards.

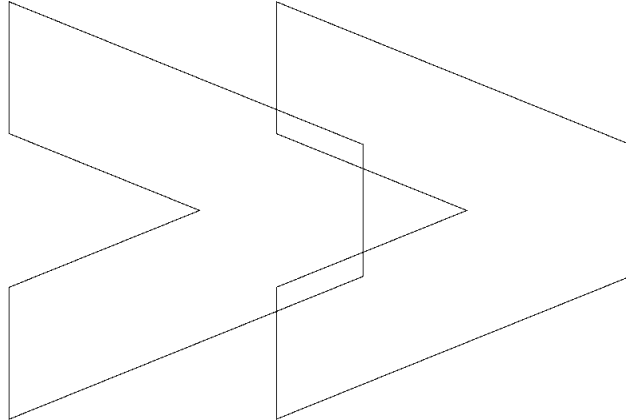
For the time being, Norwegian Energy Company ASA (BlueNord) is not involved in abandonment and only involved in redevelopment. In the case of new activities or projects within one of these categories, there will be a need for assessing risks of human rights and decent working conditions.

Results

Norwegian Energy Company ASA (BlueNord) is constantly working to strengthen our work on human rights and decent working conditions. We aim to review and revise our corporate social responsibility guidelines in accordance with OECD's guidelines and to clarify our expectations to business partners. Furthermore, the measures will help us establish governance documents, routines, and instructions related to due diligence processes and our supply chain to ensure that we align to the highest professional and ethical standards in the conduct of our business.



During the fabrication of the Tyra II process module in Batam, Norwegian Energy Company ASA (BlueNord) provided donations to help establish the Agape Orphanage



Risk Management

Risk Management Framework

Effective risk management is essential to successfully delivering our strategy. The risk management process needs to identify and determine the nature and extent of risk the Company is exposed to and the extent to which mitigation is required and thus, the level of risk that is acceptable.

The internal control framework supports the management and mitigation of risk. The process is designed to manage, mitigate and communicate, rather than eliminate, the risk of failure to achieve our strategic priorities.

Risk management and internal control are given high priority by the board of directors. The Board is responsible for identifying principal risks and determining the nature and extent of those risks the Company is willing to take.

The Board is also responsible for monitoring the Company's risk management framework and for reviewing its effectiveness. The Audit Committee assists the Board of Directors on an ongoing basis in monitoring the Company's system for risk management and internal control.

Risk management process

The Company faces various risks which may impact the Company and not all these risks are necessarily in the Company's control. For this reason, the Company has established a risk management process to identify and assess how to respond to risks. That response can include acceptance, an action plan with mitigating factors to reduce the risk, transfer to third parties, or terminating the risk by ceasing certain activities. The cyclical process works in practice as follows:

- Strategic objectives and risk appetite sets the context at Board level.
- **Risk assessment** includes risk identification through review meetings held with key personnel in the organisation on a quarterly basis. This includes an evaluation of likelihood and impact considering both quantitative and qualitative factors. The collated risks are maintained in the Company risk register and matrix.
- **Risk mitigation** requires an assessment of mitigation plans and controls based on risk appetite. Risk mitigation plans are developed between risk owners and with feedback from the Executive Team considering the risk appetite and context set at Board level.

- **Risk monitoring** occurs on a quarterly basis through an Executive Team evaluation, monitoring and review of the risk register and matrix, this is to be presented to the Audit Committee and Board along with the quarterly financial statements.
- **Status** of the risk assessment is presented annually and reviewed with the Board and updated as required based on the current risk appetite and context both internal and external.

The Executive Team sets the tone and is responsible for monitoring and managing the most significant risks and identified risk owners are responsible for ensuring risks within their area are being appropriately managed.

Internal control

The Company's management is responsible for establishing and maintaining sufficient internal control over financial reporting. Company specific policies, standards and accounting principles have been developed for the annual and quarterly financial reporting of the group. The Chief Executive Officer and EVP Finance supervise and oversee the external reporting and the internal reporting processes. This includes assessing financial reporting risks and internal controls over financial reporting within the group. The consolidated external financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards as adopted by the EU.



Board of Directors

Our Board is responsible for the Company's risk framework.

[Meet our Board on page 70](#)



Principal Risks and Uncertainties

The risks and uncertainties described in this section are the material known risks and uncertainties faced by BlueNord at the time of publication.

RISK TREND

- Increasing
- Unchanged
- Decreasing

Oil and gas production and reserves

Risk	Impact	Mitigation	Movement
Geographical concentration and field interdependency	<p>Production of oil and gas is concentrated in a limited number of offshore fields in a limited geographical area of the Denmark continental shelf. Consequently, the concentration of fields and infrastructure may result in incidents or events on one location affecting a significant part of BlueNord business.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> • Currently four production hubs, of which three hubs are in production, that are interconnected and utilise the same infrastructure. • The fields within one hub are interconnected and one field can depend on another to extract hydrocarbons. • All gas produced on the different hubs is currently sent directly through the NOGAT pipeline; once the Tyra hub is redeveloped gas will be processed and transported to shore via the Tyra hub or the NOGAT pipeline. • The Gorm hub receives liquids from all the other hubs and sends it to shore via pipeline from Gorm E. 	<p>The operator has ongoing inspection and maintenance plans in place to proactively maintain assets and minimise the risk of incidents.</p> <p>Where events occur, activities are adjusted to respond to specific issues as they arise and minimise the impact.</p>	<p> Unchanged</p>
Actual reserves may differ from reported reserves estimates	<p>The reported reserves and resources represent significant estimates based on several factors and assumptions made as of the reported date, all of which may vary considerably from actual results. Further, oil and gas production could also vary significantly from reported reserves and resources. Should the actual results of the Company deviate from the estimated reserves and resources, this may have a significant impact on the value of the Group's assets and cash flow from operations.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> • Factors and assumptions on which the reserves estimates are determined include geological and engineering estimates (which have inherent uncertainties), historical production, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs. • The Company is a non-operated partner in the DUC and as such has less control of future decline mitigating investments in the producing assets that has an impact on oil and gas production. 	<p>Reported reserves are based on independent technical expert's reports, which are carried out at least once per annum.</p> <p>BlueNord has a subsurface team with appropriate technical expertise that monitors and reviews production and reserves in addition to the external reserves reporting.</p> <p>This provides oversight of performance and expectations throughout the year to enable response and follow up on a timely basis should concerns arise.</p>	<p> Unchanged</p>

Principal Risks and Uncertainties continued

RISK TREND

- Increasing
- Unchanged
- Decreasing

Oil and gas production and reserves continued

Risk	Impact	Mitigation	Movement
Ongoing investment in developments	<p>The Company makes and expects to continue to make substantial investments in its business for the development and production of oil and natural gas reserves. Such projects require substantial investments to bring into production, which comes with a number of inherent risks.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> Development projects have inherent execution risks including cost overruns and delays, in addition to the impact of commodity prices on the economics of a project. The Company may also be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in its oil and gas reserves. 	<p>The Company intends to finance future investments with cash flow from operations and borrowings under its RBL facility and other equity and debt facilities. The Company regularly monitors liquidity, borrowing base, and other financial ratios.</p> <p>Projects are screened for technical and non-technical risks with economics reviewed at multiple price scenarios.</p>	Unchanged
Tyra redevelopment project	<p>The Tyra redevelopment project is, to date, the largest project carried out on the Denmark continental shelf. The project may be further delayed, or the planned costs associated with the project may increase from what has been previously assumed and any such delay may have an adverse effect on BlueNord's financial position.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> The scope of the project includes removal of old facilities, modifying existing ones, and installing new features; there are inherent risks with such significant projects, including risks of cost overruns and delays. The project has been delayed twice to date; the first in November 2020 due to the COVID-19 pandemic, and again in August 2022 driven by global supply chain challenges. 	<p>BlueNord maintains a regular dialogue with the operator's key personnel on the project in addition to a review of weekly and monthly progress reporting.</p> <p>BlueNord's internal technical experts are closely involved with this review and have an established feedback process with the operator.</p>	Unchanged
Decommissioning estimates	<p>There are significant uncertainties and significant estimation risks relating to the cost and timing for decommissioning of offshore installations and infrastructure. A significant deviation from such estimates may have a material adverse effect on the Company's results of operations, cash flow and financial condition. This includes the timing of when security may need to be put in place.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> Within the DUC, the partners are primarily liable to each other on a pro-rata basis and, secondarily, jointly and severally liable for all decommissioning obligations. There is an obligation for participants to provide security for their respective share of any decommissioning liabilities ahead of actual decommissioning based on calculations as set out in the joint operating agreement. 	<p>Decommissioning estimates are reviewed at least on an annual basis and updated every five years in detail based on technological, regulatory and any other relevant information at the time.</p> <p>The need for decommissioning security is assessed annually.</p>	Unchanged



RISK TREND

- Increasing
- Unchanged
- Decreasing

Market risks

Risk	Impact	Mitigation	Movement
Commodity prices	<p>The Company's main business is to produce and sell oil and gas, therefore future revenues, cash flow, profitability, financing, and rate of growth depend substantially on prevailing prices of oil and gas. Because oil and gas are globally traded, the Company is unable to control or predict the prices it receives for the oil and gas it produces.</p> <p>Commodity price fluctuations could reduce the Company's ability to refinance its outstanding credit facilities and could result in a reduced borrowing base under credit facilities available to the Company, including the RBL facility. Fluctuations in commodity prices could also lead to impairments of the Company's assets.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> • During 2022, the Ukraine conflict resulted in material changes to oil and gas supply and prices, and it is not possible to predict the future developments in the supply/demand market and the prices related thereto. • The hydrocarbons produced from specific fields may also have a premium/discount in relation to benchmark prices, such as Brent, which may vary over time. • The majority of the natural gas produced by the Company is sold at Trading Hub Europe (THE) prices. THE closely follows the Dutch Title Transfer Facility (TTF) price. The Company is more exposed to additional price volatility deriving from proposed responses by the European Commission, as seen with the proposed Market Correcting Mechanism. 	<p>The Company actively seeks to reduce this risk through the establishment of hedging arrangements.</p> <p>BlueNord has to date executed this policy in the market through forward contracts.</p> <p>BlueNord enters hedging contracts on both oil and gas that mitigates the short-term impact of price volatility.</p> <p>Further detail on BlueNord's hedging policy can be found in note 2 to the financial statements and note 18 on financial instruments.</p>	<p> Unchanged</p>
Foreign currency exposure	<p>The Group is exposed to market fluctuations in foreign exchange rates. Significant fluctuations in exchange rates between euros and Danish kroner, and US dollars and Danish kroner, may materially adversely affect the reported results.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> • Revenues are in US dollars for oil and in euros and Danish kroner for gas, while operational costs, taxes and investments are in several other currencies, including Danish kroner. • The Company's financing is primarily in US dollars. 	<p>The Company considers currency risk to be low, as the main financial items held in a currency other than the functional currency of the respective components is offset by positions in other components of the Group and/or hedged.</p>	<p> Unchanged</p>

Principal Risks and Uncertainties continued

RISK TREND

- Increasing
- Unchanged
- Decreasing

Cyber security



Risk	Impact	Mitigation	Movement
<p>Key infrastructure, networks or core systems are compromised or are otherwise rendered unavailable</p>	<p>A compromised network or infrastructure would seriously impair the Company's ability to maintain regular operations, including being able to continue reporting, regulatory and financial obligations if required information were not available.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> Russia's invasion of Ukraine in February 2022 has elevated IT security risks around cyber crime and similar threats. Sabotage on the Nord Steam 1 and 2 pipelines in September 2022 caused the Danish Energy Agency (Energistyrelsen) to raise the preparedness level of the Danish energy sector. 	<p>The Company has in place IT controls and processes, including preventative security routines, disaster recovery and business continuity plans.</p> <p>The Company elevated its IT security related routines and IT systems to protect against cyber criminality and similar threats.</p> <p>The heightened preparedness level of the Danish energy sector, was immediately implemented by the operator of the DUC.</p>	<p> Higher</p>



Financial liabilities

Risk	Impact	Mitigation	Movement
<p>Available funding to meet the Company's financial liabilities</p>	<p>The Company has several debt instruments which expose it to interest rate risk and obligations to meet certain covenants. The Company's material hedging programme provides significant visibility over its ability to meet these requirements, however if the Company is unable to, then actions to rectify this position may be required. There can be no assurance that such actions will be available or enough to allow BlueNord to ultimately fulfil its obligations.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> Exposure to floating interest rates through the Company's USD 1.1 billion RBL. Exposure to fixed interest rates through a USD 208 million convertible bond and a USD 175 million senior unsecured note. Under these financing instruments, the Company is subject to several covenants, including maximum leverage relative to earnings and demonstration of a minimum level of liquidity. 	<p>The Company has fixed USD 1.0 billion of RBL interest rate exposure until 30 June 2024.</p> <p>The Company restructured the NOR13 convertible bond into the new NOR15 convertible bond with revised terms including a later conversion date.</p> <p>The Group monitors its liquidity and covenant coverage continuously to ensure it will be able to meet its financial obligations as they fall due.</p> <p>As of 31 December 2022, none of the Group's interest-bearing debt falls due within the next 12 months.</p>	<p> Lower</p>



RISK TREND

-  Increasing
-  Unchanged
-  Decreasing

Risk	Impact	Mitigation	Movement
Future capital requirements	<p>BlueNord's future capital requirements will be determined based on several factors, including production levels, commodity prices, future expenditures that are required to be funded, and the development of the Company's capital structure.</p> <p>To the extent the Company's operating cash flow is insufficient to fund the business plan at the time, and in particular the Tyra redevelopment project, additional external capital may be required. BlueNord currently has a strong financial base, supported by existing liquidity and hedging positions, however any unexpected changes that result in lower revenues or increased costs may necessitate the raising of additional external capital. There can be no guarantee that, if required, BlueNord would be able to access the debt or equity markets on favourable terms, or if necessary be able to adequately restructure or refinance its debt.</p>	<p>BlueNord maintains a strong relationship with its banking syndicate through continual engagement to underpin its borrowing position and has an active investor relations strategy to support access to the capital markets.</p>	<p> Lower</p>
Insurance risk	<p>The Company maintains liability insurance in an amount that it considers adequate and consistent with industry standard. However, the nature of the risks inherent in oil and gas industry generally, and on the Denmark continental shelf specifically, are such that liabilities could materially exceed policy limits or not be insured at all. In which event, the Company could incur significant costs that could have adverse effect on its financial condition, results of operation and cash flow.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> • Due to recent changes in the geopolitical situation, including changes and uncertainties caused by the Russian invasion of Ukraine in February 2022, there may be an increased risk for the Group's assets becoming a target of war acts and/or sabotage, as seen with the Nord Stream pipeline sabotage in September 2022. • Any such acts of war or sabotage directed towards the Group's assets may have a material adverse effect on the Group's assets and financial position, and whether an incident is classified as an act of war or sabotage under the Group's insurances may have consequences for the Group's right to claim insurance proceeds under the relevant insurances. 	<p>The Company annually reviews the adequacy of insurance coverage.</p>	<p> Unchanged</p>



Principal Risks and Uncertainties continued

RISK TREND

- Increasing
- Unchanged
- Decreasing

Third-party risk

Risk	Impact	Mitigation	Movement
Third-party risk	<p>The Company does not have a majority interest in any of its licences and consequently cannot solely control such assets. Nor does the Company have operatorship over any of its assets. The Company therefore has limited control over management of such assets. Mismanagement by the operator or disagreements with the operator as to the most appropriate course of action may result in significant delays, losses or increased costs to it.</p> <p>Jointly owned licences (as is the case for the Company's licences) also result in possible joint liability, on certain terms and conditions. Other participants in licences may default on their obligations to fund capital or other funding obligations in relation to the assets. In such circumstances, the Company may be required under the terms of the relevant operating agreement or otherwise to contribute all or part of such funding shortfall. The Company may not have the resources to meet these obligations.</p>	<p>The Company has consultation rights or right to withhold consent in relation to significant operational and development matters, depending on: the importance of the matter, the level of its interest in the licence, or which licence the contractual arrangements for the licence apply to.</p> <p>The structure of engagement with the operator is contractually set out in the joint operating agreement.</p>	<p> Unchanged</p>



RISK TREND

- ▲ Increasing
- ▬ Unchanged
- ▼ Decreasing

Politics, regulation and compliance

Risk	Impact	Mitigation	Movement
<p>Changes in obligations arising from operating in markets that are subject to a high degree of regulatory, legislative and political intervention and uncertainty</p>	<p>Exploration and development activities in Denmark are dependent on receipt of government approvals and permits to develop assets. There is no assurance that future political conditions in Denmark will not result in the government adopting new or different policies and regulations relating to exploration, development, operation and ownership of oil and gas, environmental protection, and labour relations. Any of the above factors may have a material adverse effect on the Company's business, results of operations, cash flow and financial condition.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> • Future political conditions in Denmark could result in government adopting new or different policies, meaning that the Company may be unable to obtain, maintain or renew required drilling rights, licences, permits resulting in work being halted. • Due to the Russian invasion of Ukraine, new regulations have been imposed by the EU, United States, United Kingdom and other governments, which affects the export and import of oil and gas to and from the Russian market. • Trade restrictions on the Russian market could increase the importance of the oil and gas fields in Europe, including in Denmark. Such increase in importance could result in governments adopting new regulations that could affect the assets and the operations of the Group. 	<p>The Company maintains a regular dialogue with the Danish Energy Agency as well as relevant government ministries.</p> <p>This ensures an up-to-date understanding is in place in order to act and respond on a timely basis to any impact on the business.</p>	<p>▲ Higher</p>

Principal Risks and Uncertainties continued

RISK TREND

- Increasing
- Unchanged
- Decreasing

Politics, regulation and compliance continued

Risk	Impact	Mitigation	Movement
Danish taxation and regulations	<p>All of BlueNord's petroleum assets are located in Denmark and the petroleum industry is subject to higher taxation than other businesses. There is no assurance that future political conditions in Denmark will not result in the relevant government adopting different policies for petroleum taxation than those currently in place.</p> <p>Material influencing factors As an oil and gas producer in Denmark, the Company is exposed to risk relating to the EU imposed Solidarity Contribution and a law proposal for the implementation is currently being presented in the Danish parliament. As taxation has a major impact on the Company's results, such amendments may significant impact the group's cash flow and financial condition.</p> <p>A further proposal yet to be adopted is regarding additional CO₂ duties. The proposal as currently presented would be implemented from 2025 but as it is still in proposal stage, the timing and extent of impact remains uncertain.</p>	<p>Dialogue is maintained with industry bodies and the relevant government ministries in order to understand proposed legislations before they are enacted and provide full impact analysis.</p> <p>There is a Compensation Agreement between the Danish state and the DUC such that the companies participating in the DUC are entitled to compensation for tax increases. Due to the Agreement, any alterations in present legislation to the disadvantage of the DUC licencees can be challenged for compensation.</p> <p>The compensation would be determined with a view to the impact of the changes on the DUC, however these cannot exceed the net advantage deemed to have been obtained by the state.</p>	Higher
Financial reporting risk	<p>While BlueNord has in place internal controls covering the Company's financial reporting function, any material error or omission could significantly impact the accuracy of reported financial performance and expose the Company to a risk of regulatory or other stakeholder action.</p>	<p>Internal controls over financial reporting are designed and in operation.</p>	Unchanged
Reputational risks	<p>BlueNord may be negatively affected by adverse market perception as it depends on a high level of integrity to maintain the trust and confidence of investors, DUC participants, public authorities and counterparties.</p> <p>Any mismanagement, fraud or failure to satisfy fiduciary or regulatory responsibilities, or negative publicity resulting from other activities, could materially affect the Company's reputation, as well as its business, access to capital markets and commercial flexibility.</p>	<p>Clear code of conduct, ethical guidelines and whistleblower procedure in place.</p> <p>See more on governance on page 5.</p>	Unchanged



RISK TREND

- Increasing
- Unchanged
- Decreasing

Climate risk

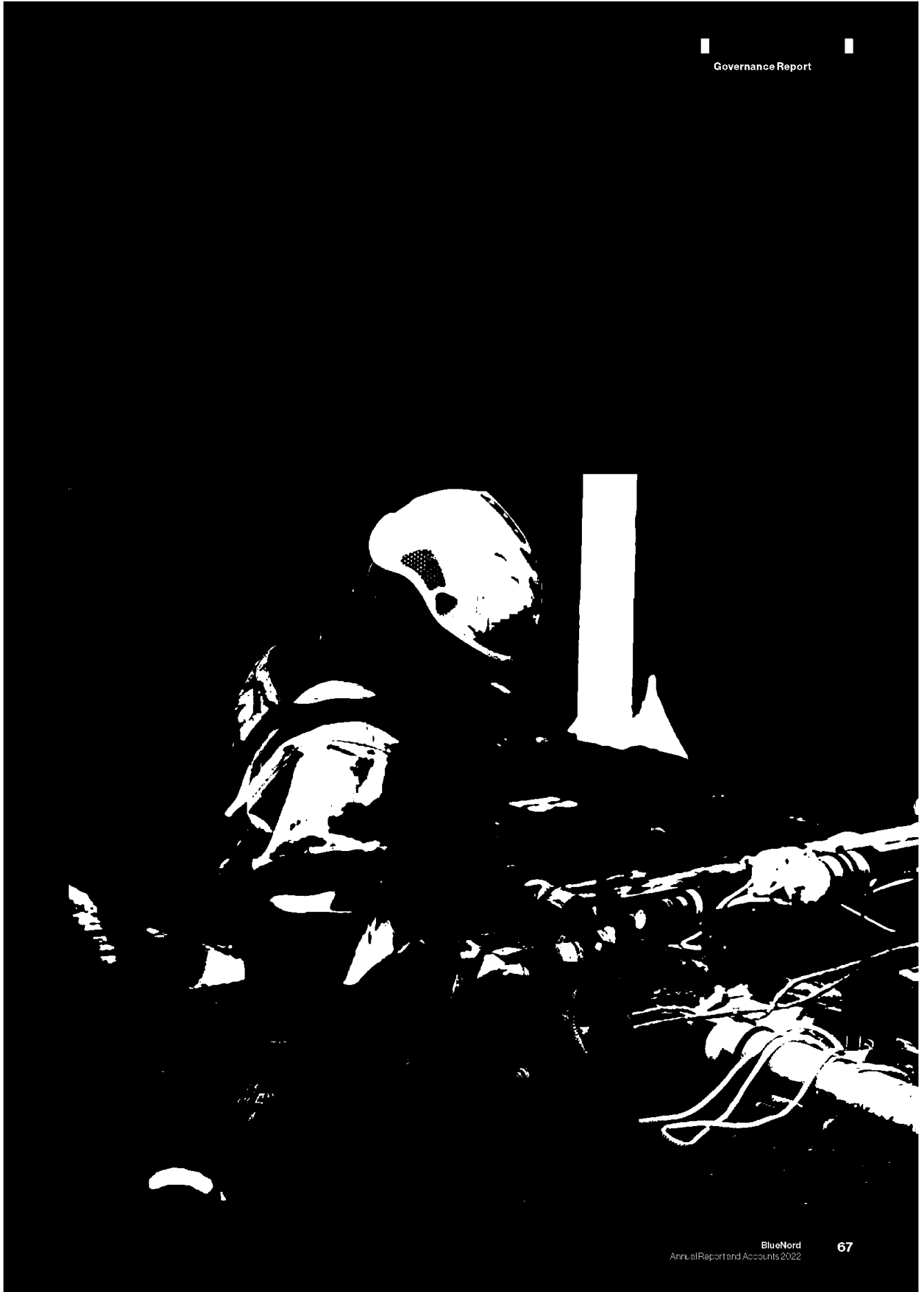
Risk	Impact	Mitigation	Movement
Changes to and impacts of environmental regulations	<p>All phases of the oil and gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations.</p> <p>Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material, in addition to loss of reputation.</p> <p>Material influencing factors</p> <ul style="list-style-type: none"> • Environmental legislation provides for, among other things, restrictions and prohibitions on spills, and releases or emissions of various substances produced in association with oil and gas operations. • Legislation also requires that wells and facility sites are operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. • The Company is subject to legislation in relation to the emission of carbon dioxide, methane, nitrous oxide and other GHGs. • Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, and potentially increased investments and operating costs. • With all assets on the Denmark continental shelf, the Company is highly exposed to changes in Danish law. 	<p>The Company maintains a regular dialogue with the Danish Energy Agency as well as relevant government ministries.</p> <p>This ensures an up-to-date understanding is in place in order to act and respond on a timely basis to any impact on the business.</p> <p>The operator has a framework and controls in place to manage within regulatory requirements. BlueNord maintains an overview of the requirements and dialogue with the operator through the appropriate joint committees.</p>	 Unchanged

See also climate risks outlined under TCFD on page 42.



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Governance Report

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Chair's introduction

Chair's introduction



This section of the report demonstrates that BlueNord maintains robust systems and practices that support the Board, Company and the management team in making good decisions for the future of the business, in the interest of all stakeholders. The Board believes that good corporate governance is an essential building block for the development of a successful and sustainable business.

Riulf Rustad
Executive Chair

“ The Board believes that good corporate governance is an essential building block for the development of a successful and sustainable business.

Stakeholders include, for example, employees, contractors, suppliers, partners, regulators, end users and of course other users of the environment around the Company's assets and areas of operation.

To support the Board and as a framework for the Company to adhere to, BlueNord seeks to comply with the Norwegian Code of Practice, which is available on the Norwegian Corporate Governance Committee website (www.nues.no).

The Company's corporate values and code of conduct also provide a framework on which the Company acts and decisions are made. The code of conduct describes the Company's ethical commitments and requirements related to business practice and personal behaviour.

BlueNord has a diverse board, with the relevant experience and skills to support the Company and best practice. The composition of the Board is such that it can operate independently of any special interests.

The management team also has extensive and relevant experience, applicable to supporting best practice, including technical, operational, financial, financial market and other wider corporate skills. The CEO and other members of the management team report to the Board on Company activities on a monthly basis.

The Board shall hold at least five ordinary proceedings each year. During 2022, attendance at Board meetings was 92.9 percent. Board meetings are based around a formal agenda. The Board will annually seek to define and evaluate the Company's objectives, main strategies and risk profiles to ensure it continues to create value.

To ensure a more detailed assessment and of key areas of the business, the Board is supported by various committees, which include audit, nominations, remuneration and ESG. With an exception from the nomination committee, the committees are made up of members of the Board and management team, in accordance with their relevant skills and position.

Board committees meet regular during the year, and the average attendance during 2022 was 93.4 percent. Committee meetings are held in person or online and are based around a formal agenda, with the salient points reported to the wider Board.

The Board aims to ensure there is the opportunity for continuous and transparent dialogue with shareholders. This includes key decisions being put to shareholders on an annual basis through an Annual General Meeting (AGM). The meeting is held virtually to encourage attendance and participation, with the option to vote and asking questions.



Corporate and Social Responsibility

Find out more in our Sustainability Report.

[Find out more on page 34](#)



Leadership

Board of Directors

1. Riulf Rustad

Executive Chair

Riulf Rustad is a Norwegian businessman with a long track record from investments in sectors such as oil and gas, oil services and offshore. Mr. Rustad operates through his platform Ousdal AS and holds/had held various Board positions, both in listed and unlisted companies. Mr. Rustad was elected as Chair of the Board of Directors of BlueNord in 2016, and was re-elected at the AGM of 19 May 2022 for a period of two years.

2. Marianne Lie

Board member, member of the Audit Committee and Chair of the Remuneration Committee

Marianne Lie is the owner of Fajoma Consulting AS and is the founder and Managing Director of Forum for Miljøteknologi (FFM). She holds/had held several Board positions both in listed and unlisted companies. Lie has served as a member of the Board of Directors in BlueNord since 26 May 2016, and was re-elected at the AGM of 19 May 2022 for a period of two years.

3. Tone Kristin Omsted

Board member and member of the Audit Committee

Tone Omsted holds a BA Hons. in Finance from the University of Strathclyde. She has broad experience from corporate finance and capital markets, and currently serves as head of investor relations at Entra ASA. Previous experience includes 14 years as an investment banking executive at SEB Enskilda. She has also served on the Board of Directors of Panoro Energy ASA. Ms Omsted has served as Member of the Board of Directors of BlueNord since 26 May 2016, and was re-elected at the AGM of 19 May 2022 for a period of two years.

4. Colette Cohen

Board member and Chair of ESG Committee

Colette Cohen is a chemistry graduate from Queens University Belfast and also holds a master's degree in Project Management and Economics. Her career began with BP in 1991 and she has worked for companies including ConocoPhillips and Britannia in the North Sea, Norway, the US and Kazakhstan. Colette was SVP for Centrica Energy's E&P UK/NL and in August 2016 became the CEO of The Net Zero Technology Centre. Ms. Cohen has served as member of the Board of Directors of BlueNord since 7 August 2019, and was re-elected at the AGM of 19 May 2021 for a period of two years.

5. Robert J. McGuire

Board member and member of the ESG Committee

Robert McGuire is the founder of Longwing Partners LLC, a strategic advisory firm. He has a 25-year global track record as an adviser, investor and business leader, has served on numerous Boards and has extensive experience in the energy sector, having led the European energy businesses at both Goldman Sachs and J.P.Morgan. Bob is also an independent director at TSX-listed GDI Integrated Facilities Services. He has a BA from Boston College and an MBA from Harvard Business School. Mr. McGuire was elected as member of the Board of Directors of BlueNord at an Extraordinary General Meeting held on 2 March 2020, and was re-elected at the AGM of 19 May 2022 for a period of two years.

6. Peter Coleman

Board member and member of the Audit Committee

Peter Coleman joined Taconic, a shareholder in BlueNord, in April 2018 where he is a Director focusing on European credit, based in their London office. Prior to joining Taconic, Peter was a Managing Director on the European distressed debt team at SVP Global. Previously, he was an Investment Director in distressed debt at Sisu Capital and prior to this, he was a Director in the corporate finance group and tax group at PricewaterhouseCoopers. Peter earned a dual LL.B. and B.Com. from Victoria University in New Zealand in 1996.

7. Jan Lernout

Board member and member of the Remuneration Committee

Jan Lernout is a partner and portfolio manager at Kite Lake Capital Management (UK) LLP, a shareholder in BlueNord, which he founded in July 2010. Prior to that he was a partner and portfolio manager at Cheyne Capital Management (UK) LLP and an Executive Director and member of the Investment Committee in the European Special Situations Group (ESSG) at Goldman Sachs International. He holds a Master in Commercial Engineering from KU Leuven and an MBA from the University of Chicago Booth School of Business. He is a CFA Charterholder.

Management Team

8. Euan Shirlaw

Chief Executive Officer,
Chief Financial Officer

Euan became Chief Executive Officer of BlueNord in 2022, having joined the Company as Chief Financial Officer in 2019 and having been appointed Acting Managing Director in November 2021. He has a background of providing strategic advice to a wide range of oil and gas companies on acquisition, divestment and merger activity, as well as raising debt and equity capital. Prior to joining BlueNord, Euan was a senior member of the oil and gas advisory team at BMO Capital Markets, having also focused on the Energy space while working with Credit Suisse, RBC Capital Markets and Rothschild in London. He has an MSc in Business and Accountancy from the University of Edinburgh.

9. Marianne Eide

Chief Operating Officer

Marianne joined BlueNord in 2022 and holds the position of Chief Operating Officer. She has 30 years of experience in the upstream oil and gas industry. Prior to joining BlueNord, she held senior management, commercial and technical roles with Shell, BG Group, Gaz de France, Conoco and Equinor, both based in Norway and the United Kingdom. Marianne has an MSc in Petroleum Engineering from the Norwegian Institute of Technology in Trondheim.

10. Cathrine F. Torgersen

EVP Investor Relations & ESG

Cathrine joined BlueNord in 2019 and holds the position of EVP Investor Relations & ESG. She previously had the role as Senior Account Director in Hill+Knowlton, where she advised a wide range of oil and gas and shipping companies. During her seven years in Hill+Knowlton, she was a member of the Management Team and was also leading the Financial Communications practice. Prior to joining Hill+Knowlton, Cathrine worked with institutional high-yield sales at Pareto Securities Inc. in New York and Clarksons Platou Securities. She has a BSc in Business Administration and Finance from Bocconi University.

11. Jacqueline Lindmark Boye

EVP Finance

Jacqueline joined BlueNord in 2019 and holds the position as EVP Finance since November 2022. She has over 20 years' experience in finance and audit within the energy industry in Australia, the UK and Denmark. Prior to joining BlueNord, Jacqueline has held various roles, including leadership with Shell, AGL Energy, EY and PwC. She holds a Bachelor in Commerce and Bachelor in Arts from Monash University in Australia and is a member of the Chartered Accountants Australia and New Zealand.





Corporate Governance Report

Norwegian Energy Company ASA ("BlueNord", "the Company") has made a strong commitment to ensure trust in the Group and to enhance value creation for shareholders and society over time. The Company acts in a responsible and prudent manner through efficient decision making and communication between the management, the Board of Directors ("the Board", "Board of Directors") and the shareholders of the Company, represented by the AGM.

The Company's framework for corporate governance is intended to decrease business risk, maximise value and utilise the Company's resources in an efficient and sustainable manner, to the benefit of shareholders, employees and society at large. The Company will seek to comply with the Norwegian Code of Practice for corporate governance ("Corporate Governance Code"), which is available on the Norwegian Corporate Governance Committee website: www.nues.no

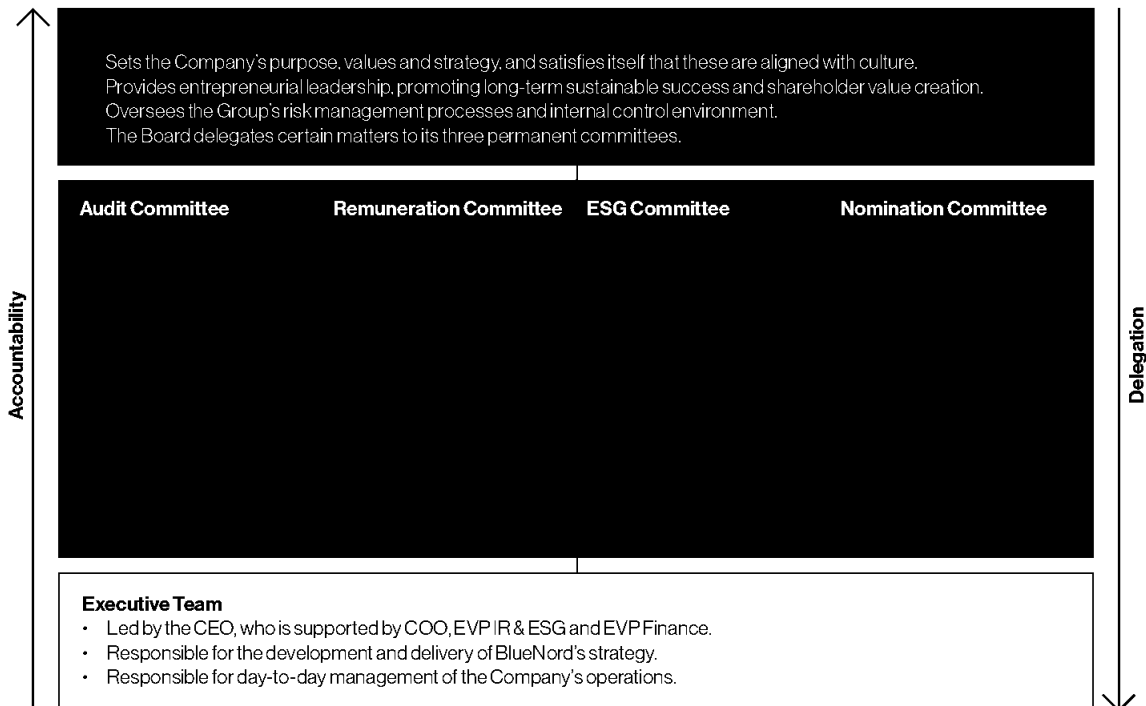
The principal purpose of the Corporate Governance Code is to ensure: (i) that listed companies implement corporate governance that clarifies the respective roles of shareholders, the Board of Directors and executive management more comprehensively than that which is required by legislation; and, (ii) effective management and control over activities with the aim of securing the greatest possible value creation over time in the best interest of companies, shareholders, employees and other parties concerned.

The Company will, due to the listing of its shares on Oslo Børs, be subject to reporting requirements for corporate governance under the Accounting Act section 3-3b, as well as Oslo Børs "Continuing obligations of stock exchange listed companies" section 4.4. The Board of Directors will include a report on the Company's corporate governance in each Annual Report, including an explanation of any deviations from the Corporate Governance Code. The corporate governance framework of the Company is subject to annual review by the Board of Directors.

According to the Company's own evaluation, the Company deviates from the Corporate Governance Code on the following points:

- Item 4: The Board of Directors of the Company has been, and is expected to be, provided with authorisations to acquire own shares and issue new shares. Not all such authorisations have separate and specific purposes for each authorisation, as the purposes of the authorisations shall be explained in the notices to the general meetings adopting the authorisations.
- Item 11: Options have been granted to members of the Board of Directors through the share option program of the Company, first implemented at a general meeting of 21 January 2016 and later extended and expanded.
- Item 14: Due to the unpredictable nature of takeover situations, the Company has decided not to implement detailed guidelines on takeover situations. In the event a takeover were to occur, the Board of Directors will consider the relevant recommendations in the Corporate Governance Code and whether the concrete situation entails that the recommendations in the Corporate Governance Code can be complied with or not.

Governance framework





1. Implementation and reporting on corporate governance

The Board of BlueNord is responsible for compliance with corporate governance standards. BlueNord is a Norwegian public limited liability Company (ASA), listed on the Oslo Stock Exchange and established under Norwegian law.

In accordance with the Norwegian Accounting Act, section 3-3b, BlueNord includes a description of principles for corporate governance as part of the Board of Directors' Report in the Annual Report. The Company will seek to comply with the Corporate Governance Code. The Company's strategy is to continue its value creation to replace and maximise recovery of proven reserves and resources and to continue to explore new opportunities in and above the ground.

2. Business

The Company is a publicly owned oil, gas and offshore industry Company with a strategic focus on value creation through increased recovery, enabled by a competent organisation with a long-term view on reservoir management and the capability to invest in and leverage new technology.

On an annual basis, the Board defines and evaluates the Company's objectives, main strategies and risk profiles for the Company's business activities to ensure that the Company creates value for shareholders.

The Company integrates considerations related to its stakeholders, as well as social, environmental and sustainability considerations into its value creation and shall achieve its objectives in accordance with the Company's code of conduct.

The Company's business is defined in the following manner in the Company's articles of association, section 3: "The object of the Company is direct and indirect ownership of and participation in companies and enterprises within exploration, production, and sale related to oil and gas, and other activities related hereto."

3. Equity and dividends

3.1 Equity

As of 31 December 2022, the Company's consolidated equity was USD 602 million, which is equivalent to approximately 19 percent of total assets. The Company's equity level and financial strength shall be considered in light of its objectives, strategy and risk profile.

3.2 Dividend policy

The Company has not paid any dividends to date, whether in cash or in kind.

The Company does not expect to make dividend payments prior to completion of the Tyra redevelopment project. The Company may revise its dividend policy from time to time. The Company currently intends to retain all earnings, if any, and to use these to finance the further business of the Company.

3.3 Share capital increases and issuance of shares

At the AGM held on 19 May 2022, The board of directors was authorised to increase the Company's share capital by up to NOK 245,490 (this represents 454,754 shares at a nominal value of NOK 0.5398295) until the AGM in 2023, but in no event later than 30 June 2023.

On 28 December 2022, the share capital reduction was registered in the Norwegian registry of Business Enterprises, following the AGM resolution the share capital was decreased by reducing the nominal value of the shares to NOK 0.5398295.

Outstanding shares as of 28 March 2023 were 26,199,472, which is an increase of 1,650,459 shares compared to year end 2021. During the year, 1,159,411 shares were issued following conversion of parts of NOR13. Additional 491,048 shares were issued to NOR13 bondholders in January 2023.

3.4 Purchase of own shares

The Board of Directors of the Company has been authorised to acquire and dispose own shares with a total par value of NOK 245,490 (this represents 454,754 shares), valid until the AGM in 2023, however in any event no later than 30 June 2023. The authorisation can be used in relation to incentive schemes for employees/directors of the Group, as consideration in connection with acquisition of businesses and/or for general corporate purposes.

As of 28 March 2023, the Company holds 137,162 of its own shares, approximately 0.52 percent.



Corporate Governance Report continued

4. Equal treatment of shareholders and transactions with related parties

4.1 Class of shares

The Company has one class of shares. All shares carry equal rights in the Company, and the articles of association do not provide for any restrictions, or rights of first refusal, on transfer of shares. Share transfers are not subject to approval by the Board of Directors.

4.2 Pre-emption rights to subscribe

According to the Norwegian Public Limited Liability Companies Act section 10-4, the Company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may, however, be set aside, either by the general meeting or by the Board of Directors if the general meeting has granted a Board authorisation which allows for this. Any resolution to set aside pre-emption rights will be justified by the common interests of the Company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice from the Company.

4.3 Trading in own shares

The Board of Directors will aim to ensure that all transactions pursuant to any share buy back programme will be carried out either through the trading system at Oslo Børs or at prevailing prices at Oslo Børs. In the event of such a programme, the Board of Directors will take the Company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

4.4 Transactions with close associates

The Board of Directors aims to ensure that any non-immaterial future transactions between the Company and shareholders, a shareholder's parent Company, members of the Board of Directors, executive personnel or close associates of any such parties are entered into on arm's length terms. For any such transactions that do not require approval by the general meeting pursuant to the Norwegian Public Limited Liability Companies Act, the Board of Directors will, on a case-by-case basis, assess whether a fairness opinion from an independent third party should be obtained.

4.5 Guidelines for directors and executive management

The Board of Directors has adopted rules of procedures for the Board of Directors which inter alia includes guidelines for notification by members of the Board of Directors and executive management if they have any material direct or indirect interest in any transaction entered into by the Company.

5. Freely negotiable shares

The shares of the Company are freely transferable. There are no restrictions on transferability of shares pursuant to the articles of association.

6. General meetings

6.1 Notification

The notice for a general meeting, with reference to or attached support information on the resolutions to be considered at the general meeting, shall as a principal rule be sent to shareholders no later than 21 days prior to the date of the general meeting.

The Board of Directors will seek to ensure that the resolutions and supporting information are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting. The notice and support information, as well as a proxy voting form, will normally be made available no later than 21 days prior to the date of the general meeting on the Company's website: www.BlueNord.com/general-meetings.

6.2 Participation and execution

To the extent deemed appropriate or necessary by the Board of Directors, the Board of Directors will seek to arrange for the general meeting to vote separately on each candidate nominated for election to the Company's corporate bodies.

The Board of Directors and the Nomination Committee shall, as a general rule, be present at general meetings. The auditor will attend the ordinary general meeting and any extraordinary general meetings to the extent required by the agenda items or other relevant circumstances. The Board of Directors will seek to ensure that an independent chair is appointed by the general meeting if considered necessary based on the agenda items or other relevant circumstances.

The Company will aim to prepare and facilitate the use of proxy forms which allows separate voting instructions to be given for each item on the agenda and nominate a person who will be available to vote on behalf of shareholders as their proxy. The Board of Directors may decide that shareholders may submit their votes in writing, including by use of electronic communication, in a period prior to the general meeting. The Board of Directors should seek to facilitate such advance voting.

7. Nomination Committee

The Nomination Committee is provided for and governed by the articles of association, in addition to instructions for the Nomination Committee. For more information relating to the Nomination Committee, read the Nomination Committee report on page 81.



8. Board of Directors: composition and independence

Pursuant to the articles of association, section 5, the Company's Board of Directors shall consist of three to eight members, which are shareholders' elected members in accordance with a decision by the AGM.

The composition of the Board of Directors should ensure that the board can attend to the common interests of all shareholders and meet the Company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the board can function effectively as a collegiate body.

The composition of the Board of Directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board should be independent of the Company's executive personnel and material business contacts. At least two of the members of the Board elected by shareholders should be independent of the Company's main shareholder(s), the executive personnel and material business contacts.

The Board of Directors should not include executive personnel. If the Board does include executive personnel, the Company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the Board, including the use of Board committees to help ensure more independent preparation of matters for discussion by the Board.

The Chair of the Board of Directors should be elected by the AGM.

The term of office for members of the Board of Directors should not be longer than two years at a time. The Board members can be elected for or shorter term by the AGM. The Annual Report should provide information to illustrate the expertise of the members of the Board of Directors, and information on their record of attendance at Board meetings. In addition, the Annual Report should identify which members are considered to be independent.

9. The work of the Board of Directors

9.1 Rules of procedure for the Board of Directors

The Board of Directors is responsible for the overall management of the Company and shall supervise the Company's business and the Company's activities in general.

The Norwegian Public Limited Liability Companies Act regulates the duties and procedures of the Board of Directors. In addition, the Board of Directors has adopted supplementary rules of procedures, which provides further regulation on inter alia the duties of the Board of Directors and the Managing Director, the division of work between the Board of Directors and the Managing Director, the annual plan for the Board of Directors, notices of Board proceedings, administrative procedures, minutes, board committees, transactions between the Company and the shareholders, and matters of confidentiality.

The Board shall produce an annual plan for its work, with a particular emphasis on objectives, strategy and implementation. The Managing Director shall at least once a month, by attendance or in writing, inform the Board of Directors about the Company's activities, position and profit trend.

The Board of Directors' consideration of material matters in which the Chair of the Board is, or has been, personally involved, shall be chaired by some other member of the Board. The Board of Directors shall evaluate its performance and expertise annually and make the evaluation available to the Nomination Committee.

9.2 Audit Committee

The Company's Audit Committee is governed by the Norwegian Public Limited Liability Companies Act and a separate instruction adopted by the Board of Directors. To read the latest Audit Committee Report, please see page 78 of this report.

9.3. Remuneration Committee

The compensation for members of the Board of Directors for their service as Directors is determined annually by the shareholders of the Company at the shareholder AGM, on the basis of a motion from the Nomination Committee. To read the latest Remuneration Committee Report, please see page 80 of this report.

9.4 ESG Committee

The Company's ESG Committee was established to support the commitment to ESG and to evolve the Company's role as a contributor in the energy transition. To read the latest ESG Committee report, please see page 80 of this report.



Corporate Governance Report continued

10. Risk management and internal control

Risk management and internal control are given high priority by the Board of Directors, which ensures that adequate systems for risk management and internal control are in place. For more information about how risks are managed, please see the risk report on page 56.

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors shall be decided by the Company's shareholder AGM, and reflects the Board of Directors' responsibilities, expertise, time commitment and the complexity of the Company's activities. For more detail, please refer to the Remuneration Committee Report on page 80.

12. Remuneration of the executive management

The Board of Directors will in accordance with the Norwegian Public Limited Liability Companies Act prepare separate guidelines for the stipulation of salary and other remuneration to key management personnel. For more detail, please refer to the Remuneration Committee Report on page 80.

13. Information and communications

13.1. General

The Board of Directors has adopted a separate manual on disclosure of information, which sets forth the Company's disclosure obligations and procedures. The Board of Directors will seek to ensure that market participants receive correct, clear, relevant and up-to-date information in a timely manner, taking into account the requirement for equal treatment of all participants in the securities market.

The Company will, each year, publish a financial calendar, providing an overview of the dates for major events such as its ordinary general meeting and publication of interim reports.

13.2. Information to shareholders

The Company shall have procedures for establishing discussions with shareholders to enable the board to develop a balanced understanding of the circumstances and focus of such shareholders. Such discussions shall be done in compliance with the provisions of applicable laws and regulations.

All information distributed to the Company's shareholders will be published on the Company's website at the same time as it is sent to shareholders, at the latest.

14. Takeovers

In the event the Company becomes the subject of a takeover bid, the Board of Directors shall seek to ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board of Directors shall also ensure that the shareholders have sufficient information and time to assess the offer.

There are no defence mechanisms against takeover bids in the Company's articles of association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company. The Board of Directors has not established written guiding principles for how it will act in the event of a takeover bid, as such situations are normally characterised by concrete and one-off situations, which make a guideline challenging to prepare.

In the event a takeover were to occur, the Board of Directors will consider the relevant recommendations in the Corporate Governance Code and whether the concrete situation entails that the recommendations in the Corporate Governance Code can be complied with or not.

15. Auditor

The Board of Directors will require the Company's auditor to annually present to the Audit Committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement, as well as the main features of the plan for the audit of the Company.

Furthermore, the Board of Directors will require the auditor to participate in meetings of the Board of Directors that deal with the annual accounts; at least one Board meeting with the auditor shall be held each year in which no member of the executive management is present.

The Board of Directors' Audit Committee shall review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represents a threat to the independence of the auditor.

The remuneration to the auditor for statutory audit will be approved by the ordinary general meeting. The Board of Directors should report to the general meeting on details of fees for audit work and any fees for other specific assignments.



Board activities

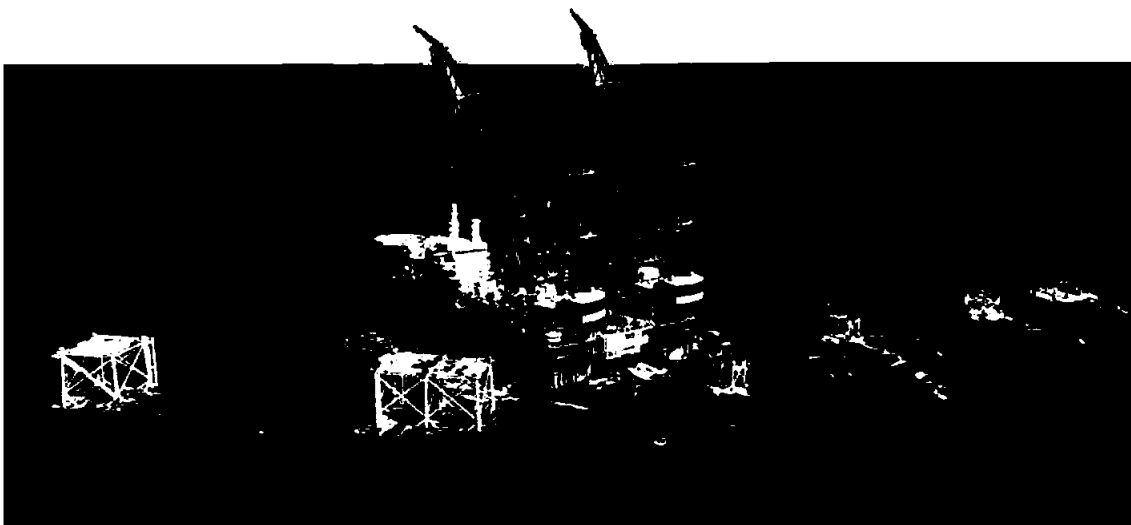
The Board has responsibility for the overall management of the Company, including strategic priorities, identifying and assessing principal risks, as well as the level of risk deemed appropriate for the Company to take. The Board is responsible for establishing and thereafter monitoring the risk and internal control framework. The Board delegates a level of day-to-day management to the CEO and Executive Team; however, the Board retains the ultimate decision-making authority.

The Board held eight meetings during 2022. A further two meetings were held in 2023, prior to the publication of Q4 and this Annual Report and Accounts. In addition, two written resolutions were approved related to drilling of two infill wells on Halfdan North East and approval of the 2023 budget.

Name	Attendance							
Riulf Rustad (Chair)	✓	✓	✓	✓	✓	✓	✓	✓
Marianne Lie	✓	✓	✓	✓	✓	✓	✓	✓
Tone Omsted	✓	✓	✓	✓	✓	✓	✓	✓
Colette Cohen	✓	✓	✓	✓	✓	✓	✓	✓
Robert McGuire	✓	✓	✓	✓	✓	✓	✓	✓
Jan Lernout	✓	✓	✓	✓	✓	✓		
Peter Coleman	✓	✓	✓	✓	✓	✓		

The areas of focus covered through Board meetings during 2022 has included:

- Established strategic priorities, including ESG strategy.
- Operational and performance updates, including regular monitoring of the Tyra redevelopment project, Health, Safety, Security & Environment (HSSE), capital structure and liquidity outlook.
- Reviews and considers forecast medium-term liquidity position of the Company.
- Review of executive management structure and performance, including the permanent appointment of Euan Shirlaw as CEO.
- Established the short-term incentive and long-term incentive programmes, as well as the executive retention scheme as endorsed by the Remuneration Committee.
- In-depth consideration and ultimate approval of restructuring of the NOR13 convertible bond loan, including regular dialogue with the Executive Management team as the restructuring progressed and finally the approval of the voluntary exchange offer into the new NOR15 convertible bond loan.
- Review of the various Board committees' performance and confirmation of membership and continued committee structure.



Audit Committee Report



BlueNord has established an Audit Committee with formally delegated duties and responsibilities within written terms of reference.

Marianne Lie
Audit Committee Chair

The Audit Committee consists of the following board members:

- Marianne Lie (Chair)
- Tone Omsted
- Peter Coleman

All members are independent of the Company's executive management and all three committee members sit on the Board of Directors of Norwegian Energy Company ASA.

Committee meeting attendance

Name	Attendance					
Marianne Lie	✓	✓	✓	✓	✓	✓
Tone Omsted	✓	✓	✓	✓	✓	✓
Peter Coleman	✓	✓	✓	✓		

Work of the Audit Committee

- Support the Board's responsibilities relating to the integrity of financial reporting and the financial reporting process.
- Evaluate the risk management of financial reporting and monitor the systems for internal controls.
- Review the external auditors' independence and objectivity and review the effectiveness and quality of the annual audit plan.
- Develop and implement policy for any engagement of external auditors to supply non-audit services.

Activities during the year

The committee held five scheduled meetings during 2022. A further two meetings were held in 2023, prior to the publication of Q4 and this Annual Report and Accounts. In addition to the members of the committee listed on this page, meetings of the committee were also attended by the CFO and the Head of Group Reporting. The Company's auditor works closely with the Audit Committee and attended all meetings during the year.

The committee spent considerable time during the year reviewing all interim and annual reports before they are reviewed by the Board of Directors and then published. Any identified risks and their effects on financial reporting are discussed on a quarterly basis; in addition, the management give a quarterly update on compliance.

Every quarter, the Audit Committee reviews the memorandum for tax and impairment triggers. New accounting effects and issues are monitored on a quarterly basis by the committee. Prior to the year-end closing, the committee reviews key accounting principles, and discusses early warning and key issues.

During the year, the Audit Committee has worked together with executive management and the auditor to further develop the already strong cooperation, and improve the processes and internal control environment related to material financial reporting lines.

2022 meeting summary

In the course of eight meetings during FY2022-23, the Audit Committee has continued to work on a range of audit matters.

These include overall performance and tax issues, compliance, reviews of policy documentation, updates to delegated authority, and liquidity forecasts. Reviews have also taken place regarding internal controls and business continuity planning (BCP).

The committee received updates from KPMG regarding inspection from the Financial Supervisory Authority of Norway (FSA), and half-year accounting issues. Discussions were held on impairment triggers and accounting effects from NOR13 fair value adjustments and debt conversion, as well as tax effects and share capital reduction compliance.

A review of the update process and control environment was undertaken, as well as an impairment test due to a trigger event (the shift in expected start-up of the Tyra redevelopment). The committee also reviewed the accounting effects related to reduction of tax losses due to FX changes, new LTIP scheme and NOR13 conversions and restructuring.

The expected impact of the EU Solidarity Contribution was also reviewed on an initial basis, and the risk picture related to the Nord Stream incident and the drone activity offshore was also discussed.



Remuneration Committee Report

Established in 2021, the Remuneration Committee is a preparatory and advisory committee which supports the Board with regard to executive management compensation.

The Remuneration Committee consists of the following Board members:

- Marianne Lie (Chair)
- Jan Lernout

These members are independent of the Company's executive management, and both committee members sit on the Board of Directors of Norwegian Energy Company ASA (since May 2016 and May 2021 respectively).

The Remuneration Committee:

- is responsible for preparing the annual executive remuneration report and, at least annually, reviewing and recommending any amendments to the guidelines for executive remuneration, to be proposed by the board for adoption by the AGM;
- shall monitor, evaluate and approve the application of the guidelines for the remuneration provided to executive management;
- may request information and assistance from executive management which is deemed relevant for the remuneration committee to carry out its tasks; and
- may seek advice and recommendations from sources outside of the Company, subject to appropriate confidentiality.

2022 meeting summary

The committee held five scheduled meetings during 2022. A further two meetings have taken place in 2023 prior to the publication of the 2022 Annual Report and Accounts. In addition to the members of the Remuneration Committee, the CEO and EVP People and Capability have been invited to attend committee meetings where appropriate.

On the basis of the proposed total compensation policy for BlueNord, the committee reviewed and updated the 2022 guideline on executive remuneration, later approved by the AGM in May. The audited Executive Remuneration Report was approved simultaneously in accordance with the new regulations in the Public Limited Liability Companies Act § 6-16b. The report was prepared for the first time in the context of the latest guidelines on Company law requirements for listed companies and general best practice trends in executive remuneration disclosure.

In 2021, the committee reviewed the proposal for BlueNord's total compensation policy. Due to changes in the Company's strategic priorities for 2021, the amended annual performance bonus programme and its key performance indicators for 2021 were delayed, but approved in 2022. The work and discussion initiated on a new long-term incentive (LTI) programme for executives and employees to replace the existing programme continued into 2022 and included support from the Company's legal advisers. The new long-term incentive programme, aligned with the approved Executive Remuneration Policy, was approved by the Board of Directors and implemented in September. Existing options issued to members of the Executive Team were cancelled and translated into retention shares.

The Remuneration Committee endorsed and recommended terms upon employment when the CFO, serving as acting Managing Director since November 2021, was appointed CEO in May.

The committee has reviewed and recommended the proposed annual salary increase for eligible employees in 2022 and correspondingly the proposed annual performance bonus payment applicable for executives and employees.

Committee meeting attendance

Name	Attendance				
Marianne Lie	✓	✓	✓	✓	✓
Jan Lernout	✓	✓	✓	✓	✓



Executive Remuneration Report 2022

For more details on the Executive Remuneration, please read the full report here.

Download the report at www.BlueNord.com/reports-and-presentations

ESG Committee Report



BlueNord established in 2020 an ESG Committee, which formally oversees the Company's ESG activities and strategy.

The ESG Committee consists of the following Board members:

- Colette Cohen (Chair)
- Robert McGuire

All members are independent of the Company's executive management and all committee members sit on the board of directors of Norwegian Energy Company ASA.

Committee meeting attendance

Name	Attendance				
Colette Cohen	✓	✓	✓	✓	✓
Robert McGuire	✓	✓	✓	✓	✓

The ESG Committee shall:

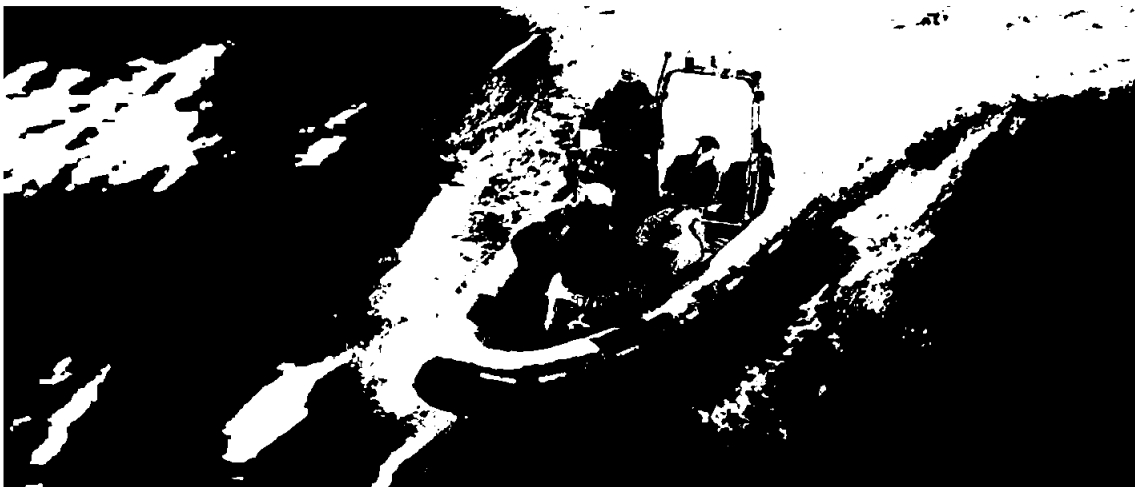
- support the development of the Company's overall environmental, social and governance strategy;
- oversee the Company's ESG activities and assess if any developments or investments are compatible with, and supportive of, the strategic objectives of the Company;
- ensure that the Board is informed on material relevant topics or events related to the Company's work on ESG;
- review the Company's ability to address and mitigate risks related to ESG; and
- ensure that the Company strives for transparency and high standards in its ESG reporting

Activities during the year

The committee held five scheduled meetings during 2022. A further meeting was held in 2023, prior to the publication of this Annual Report. In addition to the members of the committee listed on this page, meetings of the committee were also attended by the CEO and the EVP, Investor Relations and ESG.

The committee has worked closely with key members from the Executive Team during 2022 to develop the ESG strategy of the Company, to identify material topics and to assess risks and opportunities that are relevant to the Company. The committee has also been involved in improvements of the standards and transparency of the ESG reporting of BlueNord.

Following the committee's work during 2022 and to date in 2023, the Company is today reporting against the TCFD framework and it has taken measures to adapt to the Norwegian Transparency Act and the Anti-Discrimination Act. In addition, the Company has initiated preparations to align itself to report against the new ESRS, which is expected from 2025.





Nomination Committee Report

According to the articles of association § 7 the Nomination Committee shall consist of three members.

The term of office shall be two years unless the annual general meeting determines that the term shall be shorter. The Nomination Committee shall prepare a motion for the annual general meeting relating to:

- Election of members of the Board of Directors and the chairperson of the Board of Directors.
- Election of the members of the Nomination Committee and the chairperson of the Committee.
- The remuneration of the Directors and the members of the Nomination Committee.
- Any amendments of the Nomination Committee's Mandate and Charter.

Sections 6-7 and 6-8 of the Public Limited Companies Act apply correspondingly in relation to the members of the Nomination Committee.

Richard Sjøqvist
Audit Committee Chair

The nomination committee in BlueNord consists of:

- Richard Sjøqvist (Chair)
- Kristian Utkilen
- Annette Malm Justad

Work of the Nomination Committee:

The Chair of the Nomination Committee is responsible for the committee's work and call of meetings, however each member can request a committee meeting. The Nomination Committee shall regularly review the structure and composition of the Board, including the knowledge, skills, experience and diversity of the Board. It shall keep under regular review that the needs of the Company is reflected in the Board composition and give full consideration to succession planning for the Board members. The Nomination Committee shall also ensure that there is a formal and transparent procedure for the appointment of new Directors to the Board.

The Nomination Committee will have contact with the Company's shareholders, Board of Directors and the Company's executive personnel. All shareholders of BlueNord have the possibility to propose candidates. If a candidate is proposed, the Nomination Committee shall consider the experience, competence and capacity of each candidate.

The Nomination Committee's proposal for the 2023 annual general meeting will be published before the AGM and made available on www.BlueNord.com/general-meetings

Activities during the period

The committee has taken note of the paragraph 5 of the articles of association in which it is stated that the Board of Directors shall have from 3 to 7 shareholders elected members and that such board members are elected to a two year period unless the general meeting decides upon a shorter term.

For the annual general meeting. The table below identifies those up for re-election among all the board members:

Riulf Karsten Rustad	(Chair, not for election)
Marianne Lie	(board member, not for election)
Tone Kristin Omsted	(board member, not for election)
Robert J. McGuire	(board member, not for election)
Colette Cohen	(board member, for re-election)
Jan Lernout	(board member, for re-election)
Peter Coleman	(board member, for re-election)

During the period the nomination committee has particularly focused on the board members whom are up for re-election. Additionally, the nomination committee has also considered the remuneration of the board members and members of the Nomination Committee.

The Nomination Committee has delivered its proposal on 27 March 2023.



Director's Report

Norwegian Energy Company ASA ("BlueNord", "the Company") is a Norwegian company listed on the Oslo Stock Exchange. The Company was established in 2005 and has a strategic focus on value creation through increased recovery of hydrocarbons, enabled by a competent organisation with a long-term view on reservoir management and the capability to invest in and leverage new technology.

Following the acquisition of Shell's Danish upstream assets in 2019, Norwegian Energy Company ASA (BlueNord) holds a 36.8 percent non-operated interest in the DUC and is the second largest oil and gas producer in Denmark. DUC is a joint venture between TotalEnergies (43.2 percent), Norwegian Energy Company ASA (36.8 percent) and Nordsøfonden (20.0 percent), and comprises four hubs (Halfdan, Tyra, Gorm and Dan) and 11 producing fields. It is operated by TotalEnergies, which has extensive offshore experience in the region and worldwide.

Since the acquisition in 2019, Norwegian Energy Company ASA (BlueNord) has built a meaningful presence in Denmark and established good relationships with its partners TotalEnergies and Nordsøfonden, as well as other stakeholders including the DEA.

Production assets and field developments

Norwegian Energy Company ASA (BlueNord) delivered strong production from the Halfdan, Dan and Gorm hubs in 2022 with a yearly average of 26.7 mboepd and an overall operational efficiency at approximately 88.0 percent. The strategic ambition to improve operational efficiency to 90.0 percent for DUC overall in 2022 by reducing unplanned shortfalls and optimising the schedule for planned shortfalls was achieved in the year, excluding the planned NOGAT gas export pipeline shutdown.

Production remained robust as a result of proactive workovers and well restimulations. In Q4, the planned ten-year maintenance of the NOGAT pipeline were successfully completed. The jack-up rig Noble Sam Turner (renamed Shelf Winner) were extended with two years and the well reservoir opportunity management campaign started.

The Tyra redevelopment is an ongoing project within the DUC and is the largest project ever that is carried out on the Danish continental shelf. During 2022, several important project milestones were reached. Successful completion of offshore installation campaign for Tyra II, which now has its final shape with all major lifts and installations completed. In 2022, the Company and its partners in the DUC announced a revision of the Tyra start-up date, from Q2 2023 to winter 2023/2024. The revision was driven by global supply chain challenges that had impacted the yard fabrication of the process module in addition to a revised plan by the Operator of the ongoing hook-up and commissioning work offshore.

The annual revision of reserves, performed by an independent organisation (RISC) in accordance with SPE PRMS 2018 standards, resulted in total 2P reserves at year end 2022 of 182.4 m mboe.

Capital structure

Convertible bond (NOR13)

USD 158 million convertible bond with an eight-year tenor and a mandatory conversion to equity after five years was issued in 2019. NOR13 has paid in kind (PIK) interest with additional bonds at a coupon rate of 8.0 percent.

Norwegian Energy Company ASA (BlueNord) may alternatively, at its own discretion, pay cash interest of 6.0 percent subject to approval from the RBL lenders. The Company has PIK coupon interest of 8.0 percent since issuance. Should the instrument be in place beyond the five-year conversion period, the interest rate on NOR13 will be reduced to 0.0 percent for the remaining period.

In December 2022, the majority of the remaining convertible loan was transferred into the new convertible instrument, NOR15. Of the remaining USD 13.8 million outstanding on NOR13 at 31 December 2022, USD 13.6 million was converted into equity by 13 January 2023.

Convertible bond (NOR15)

USD 207.6 million convertible bond with a five year tenor and a conversion to equity or cash settlement after three years. NOR15 consist of USD 151.4 million converted from NOR13 plus additional compensation bonds of USD 56.2 million. NOR15 has PIK interest with additional bonds at a coupon rate of 8.0 percent.

Norwegian Energy Company ASA (BlueNord) may alternatively, at its own discretion, pay cash interest of 6.0 percent. Should the instrument be in place beyond the three-year conversion period, the interest rate of NOR15 will be reduced to 0.0 percent for the remaining period subject to approval from RBL lenders.

Reserve-based lending facility

In Q2 2021, the Company amended, extended and increased its previous facility, which had been entered into in Q2 2019. The Norwegian Energy Company ASA (BlueNord) RBL facility is a seven-year, first lien, senior secured RBL with a total facility amount of USD 1.1 billion, including a letter of credit sub-limit of USD 100 million.



At the end of 2022, USD 800 million was drawn under the RBL, with an additional USD 100 million letter of credit outstanding. Principal repayments on the facility will commence from the second half of 2024, and interest is charged on debt drawings based on the secured overnight financing rate (SOFR) and a margin of 4.0-4.5 percent. In July 2022, Norwegian Energy Company ASA (BlueNord) made a voluntary repayment of USD 100 million. In addition, the Company hedged the SOFR rate on USD 1.0 billion of principal from 1 November 2021 to 30 June 2024 at a rate of 0.4041 percent.

The Company has also established a link in margin payable under the RBL and the achievement of ESG targets on emissions intensity reduction and power from renewables that will support progression of the Company's ESG strategy. This provides a margin decrease for ESG targets being met and a margin increase if ESG targets are not met. The ESG targets are assessed based on two sustainability targets: (i) the relative carbon emissions intensity, assessed from 2024 onwards, and (ii) progress towards powering ofshore activities from renewable electricity sources, assessed from 2021 onwards. The targets do not currently include the Company's investments in CCUS activities, which could be subject to change with RBL lenders' consent. ESG target (ii) assessments for years 2021 and 2022 are based on investment levels in front-end studies for renewable power. Through various working groups meetings and third-party evaluations commissioned by the DUC, these potential projects were deemed uneconomical, which resulted in a lower level of investment in 2021 than set by the target and a consequent 3bps (0.03 percent) margin increase in the RBL facility throughout 2022.

Senior unsecured note (NOR14)

USD 175 million senior unsecured note with a coupon rate of 9.0 percent and a maturity in June 2026. In order to reduce exposure to future market volatility, Norwegian Energy Company ASA (BlueNord) successfully reached an agreement with its bondholders in 2021, adding additional headroom to certain financial covenants.

Group Financial Results for 2022

The consolidated financial statements of Norwegian Energy Company ASA (BlueNord) have been prepared in accordance with IFRS and interpretations from the IFRS interpretation committee (IFRIC), as endorsed by the EU.

See the section on financial review, on pages 32 and 33.

Risk mitigation

The Company actively seeks to reduce the risk it is exposed to regarding fluctuating commodity prices through the establishment of hedging arrangements.

Currently all the Company's commodity price hedging arrangements is executed solely in the market through forward contracts. At the time of this report, the Company had purchased the following:

oil		Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25
Volumes	(bb)	1,200,000	1,200,000	840,105	840,105	900,000	900,000	432,000	432,000	315,000	315,000
Price	(US\$/bb)	51.7	51.7	54.8	54.8	61.3	61.3	68.0	68.0	74.7	74.7
Equiv. daily production	(mbl/d)	13.3	13.2	9.1	9.1	10.0	9.9	4.7	4.7	3.5	3.5
Gas		Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25
Volumes	(MWh)	419,992	255,000	255,000	165,000	165,000	0	0	0	0	0
Price	(EUR/MWh)	162.1	155.6	155.6	170.1	170.1	0.0	0.0	0.0	0.0	0.0
Equiv. daily production	(mboe/d)	2.8	1.7	1.6	1.1	1.1	0.0	0.0	0.0	0.0	0.0

In addition, the Company has a swap transaction with a group of banks to fix the Company's floating interest rate exposure under the RBL facility. See the section on risk factors and risk management on pages 103 and 104, and note 18 in the consolidated financial statements.

Principal risks and uncertainties

The Company is required to give a description of the principal risks and uncertainties which it faces. These principal risks and uncertainties are included as part of the risk report and can be found on page 56.



Director's Report continued

Going concern assumption

Pursuant to the Norwegian Accounting Act section 3-3a, the Norwegian Energy Company ASA (BlueNord) Board confirms that the requirements of the going concern assumption are met and that the annual accounts have been prepared on that basis.

Our financial integrity, and our working capital and cash position, are considered satisfactory in relation to the planned activity level for the next 12 months.

Health, Environment and Safety

Norwegian Energy Company ASA (BlueNord) puts emphasis on its employees performing Company activities in line with the principals of business integrity and with respect for people and the environment. During 2022, Norwegian Energy Company ASA (BlueNord) was, through its ownership in the DUC in which TotalEnergies is the operator, involved in production of oil and gas, which could cause emissions to the sea and air.

Norwegian Energy Company ASA (BlueNord) will conduct its business operation in full compliance with all applicable national legislation in the countries where it is operating. The Company is committed to carry out its activities in a responsible manner to protect people and the environment. Our fundamentals of HSEQ and safe business practice are an integral part of Norwegian Energy Company ASA (BlueNord) operations and business performance.

For more information, see the sustainability section on pages 34 to 55.

Personnel resources and working environment

As at end 2022, the Group had 33 employees. 51.52 percent of the employees were women. In May 2022, Euan Shirlaw was appointed as CEO in addition to his existing role as CFO. Euan Shirlaw had been Acting Managing Director since December 2021. In addition, Marianne Eide was promoted to Chief Operating Officer and in November 2022, Jacqueline Lindmark Boye was promoted to EVP Finance.

As at end 2022, the Company's Board of Directors consists of three women and four men, all elected by shareholders. There are no employee representatives on the Board. As at end 2022, more than 40 percent of the Board members are women.

Norwegian Energy Company ASA (BlueNord) strives to maintain a working environment with equal opportunities for all, based on qualifications, and irrespective of gender, ethnicity, religion, sexual orientation or disability. The Company pays equal salaries and gives equal compensation and opportunities for positions at the same level, regardless of gender, ethnicity, religion, sexual orientation or disability.

Management compensation is described in the Executive Remuneration Report. Sick leave in the Group was 1.37 percent in 2022.

Research and development

Norwegian Energy Company ASA (BlueNord) invests in research and development to support and further grow its E&P activities. For more information, see ESG section on page 34.

Corporate governance

The Board wishes to maintain an appropriate standard of corporate governance and to fulfil the recommendations in the Norwegian Code of Practice for Corporate Governance. Corporate governance in Norwegian Energy Company ASA (BlueNord) is based on equal treatment of all shareholders, a principle which is reflected in the decisions taken at the general assembly.

For more information about the Board's composition and activities during the year, see the section on corporate governance on page 72 in this report.

AGM

The AGM held on 19 May 2022 re-elected Riulf Rustad, Tone Omsted and Marianne Lie. All matters on the agenda were approved.

In 2022 the Company held two extraordinary general meetings (EGM). The purpose of the EGM held on 30 November 2022 was to consider the board's proposal to amend the NOR13 bond terms. The purpose of the EGM held on 28 December was to consider the Board's proposal to issue a new subordinated convertible bond, NOR15, as an exchange offer to NOR13 bondholders. Both proposals were shareholder approved.

For more information about corporate governance and corporate social responsibility, see the relevant sections of this report. Also, see www.BlueNord.com/corporate-governance and www.BlueNord.com/csr.



Directors' and officers' liability insurance

The Company has acquired and maintains a Directors' and officers' insurance policy to cover the personal liability for financial losses that Directors and officers of the Company, and the Directors and officers of the Company's subsidiaries, may incur in their capacities as such (styre og ledelsesansvar). The policy is placed with a reputable international carrier on market terms.

Ownership

There are no restrictions on the transfer of shares in Norwegian Energy Company ASA (BlueNord). The Company currently has approximately 2,500 shareholders and 16.35 percent of the shares are held by residents of Norway.

Norwegian Energy Company ASA (BlueNord)

In 2022, the parent Company was a holding Company and the operating expenses mainly consisted of shareholder costs, consultancy fees, legal fees and payroll expenses. Net financial loss mainly due to interest expenses from bond loans and net foreign exchange loss this year due to fluctuations in the USD:NOK exchange rate, partly offset by interest received from Group companies.

For more information about financial risk and market conditions, and a statement regarding going concern, please see the relevant sections above. These comments are also valid for the parent Company.

Parent Company financial results for 2022

Personnel expenses were USD 4.4 million in 2022 (2021: USD 3.7 million), increase mainly due to increase in average full-time equivalents and related to the LTIP, which is valued and accounted for according to IFRS 2. Other operating expenses amounted to USD 4.1 million in 2022 (2021: USD 3.2 million), the increase is related to higher consultant and legal fees. The net operating result for 2022 was a loss of USD 6.0 million (2021: USD 5.0 million).

Net financial items amounted to an expense of USD 76.5 million in 2022 (2021: USD 24.8 million). The increased financial expense mainly related to the extinguishment of the NOR13 bond loan, increased write-down of loans to subsidiaries, partly offset by increased interest income from intercompany loans.

The Company's net result for the year amounted to a loss of USD 82.5 million (2021: USD 29.8 million).

Allocations

The result for the year for Norwegian Energy Company ASA in 2022 was a loss of USD 82.5 million. The Board proposes the following allocations:

- allocated from other equity: USD 82.5 million
- total appropriation: USD 82.5 million



Director's Report continued

Outlook

Norwegian Energy Company ASA (BlueNord) has a stable business, underpinned by the Company's position in the DUC and further supported by risk mitigations. The volatility in prices has been significant and management is continuously assessing the market to mitigate commodity price volatility. The Company has during 2022 entered into fixed-price swap contracts for additional oil and gas volumes from 2023 to 2024.

The Company monitors the Russia-Ukraine conflict closely and has not identified any negative impact on the Company's assets or income. See further detail on this issue and mitigations as outlined in the section Principal Risks and Uncertainties on page 57.

The Tyra redevelopment is progressing and will significantly enhance Norwegian Energy Company ASA (BlueNord) production on start-up. The Company also expects direct field operating expenditure to decrease to USD 13 per barrel when Tyra is back in production winter 2023-24.

Norwegian Energy Company ASA (BlueNord) cash position has strengthened significantly during 2022 and the Company has a solid basis for executing the strategy and the ambition to deliver material shareholder returns and significant value creation.

Activity to progress value additive organic DUC investment projects also continues, and we will seek to sanction projects as they are sufficiently matured. Norwegian Energy Company ASA (BlueNord) believes economic investments in these projects will help to replace produced reserves, and provide strong financial returns benefiting the Company's shareholders.

The Company expects reduced production driven by high maintenance and activity levels in Q2 and Q3 2023.

Production	Unit	Guidance 2023	2022
Q1	mboepd	25.0-26.5	28.5
Q2	mboepd	20.0-21.5	26.5
Q3	mboepd	22.5-24.0	25.1
Q4	mboepd	24.5-26.0	26.9

The following sections of Norwegian Energy Company ASA (BlueNord) Annual Report constitute part of the Director's Report.

Annual Report Chapter Reference	Content	Page Reference
Strategic Report	Financial Review	32-33
Strategic Report	Sustainability Report	34-55
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Oslo

28 March 2023

Riulf Rustad
Executive Chair

Tone Kristin Omsted
Board member

Marianne Lie
Board member

Colette Cohen
Board member

Robert J. McGuire
Board member

Jan Lernout
Board member

Peter Coleman
Board member

Euan Shirlaw
Chief Executive Officer



Reporting of payments to governments

This report is prepared in accordance with the Norwegian Accounting Act section § 3-3 d) and Securities Trading Act § 5-5 a). It states that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level. The Ministry of Finance has issued a regulation (F20.12.2013 nr 1682 – “the regulation”) stipulating that the reporting obligation only applies to reporting entities above a certain size and to payments above certain threshold amounts. In addition, the regulation stipulates that the report shall include other information than payments to governments, and it provides more detailed rules applicable to definitions, publication and Group reporting.

The management of Norwegian Energy Company ASA (BlueNord) has applied judgement in the interpretation of the wording in the regulation with regards to the specific type of payment to be included in this report, and on what level it should be reported. When payments are required to be reported on a project-by-project basis, it is reported on a field-by-field basis. Only gross amounts on operated licences are to be reported, as all payments within the licence performed by non-operators will normally be cash calls transferred to the operator and are as such not payments to the government. All activities in Norwegian Energy Company ASA (BlueNord) within the extractive industries are located on the Danish continental shelf and all are performed as non-operator. All the reported payments below are to the Danish government.

Income tax

The income tax is calculated and paid on corporate level and is therefore reported for the whole Company rather than licence-by-licence. The income tax payment in 2022 is a USD 17 million first instalment repayment for 2022 pertaining to the special tax incentives implemented in 2017. This repayment is triggered from 2022 and onwards if commodity prices exceed certain thresholds. It constitutes a repayment of tax benefits previously received from the incentive scheme, in the case of market conditions significantly improving compared to the assumptions in 2017, where the incentive scheme was implemented. This is set-off by a refund of approximately USD 6 million pertaining to a settlement of a minor tax dispute concerning income year 2011.

Other information required to be reported

In accordance with the regulation (F20.12.2013 nr 1682), Norwegian Energy Company ASA (BlueNord) is also required to report on investments, operating income, production volumes and purchases of goods and services. All reported information is relating to Norwegian Energy Company ASA (BlueNord) activities within the extractive industries on the Danish continental shelf:

- Total net investments amounted to USD 258.2 million, as specified in the cash flow analysis in the financial statements.
- Sales income (petroleum revenues) in 2022 amounted to USD 960.5 million, as specified in note 4 to the financial statements.
- Total production in 2022 was 9.8 million barrels of oil equivalents, see note 5 to the consolidated financial statements.
- For information about purchases of goods and services, reference is made to the Income Statement and the related notes.



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Consolidated Statement of Comprehensive Income

Income statement

USD million	Note	2022	2021
Revenue	4	966.9	565.3
Total revenues		966.9	565.3
Production expenses	5	(323.4)	(292.7)
Exploration and evaluation expenses	6	(0.7)	(0.7)
Personnel expenses	7	(12.5)	(11.5)
Other operating expenses	8	(19.1)	(10.9)
Total operating expenses		(355.7)	(315.8)
Operating result (EBITDA)		611.2	249.5
Depreciation/amortisation	10	(133.5)	(112.3)
Net operating result (EBIT)		477.7	137.3
Financial income	12	58.8	27.8
Financial expenses	12	(287.8)	(160.2)
Net financial items		(229.0)	(132.3)
Result before tax (EBT)		248.7	4.9
Income tax benefit/(expense)	13	(279.2)	(58.1)
Net result for the year		(30.5)	(53.2)
Basic earnings/loss USD per share	14	(1.2)	(2.2)
Diluted earnings/loss USD per share	14	(1.2)	(2.2)

Statement of comprehensive income

USD million	Note	2022	2021
Net result for the year		(30.5)	(53.2)
Other comprehensive income (net of tax):			
Items that may be subsequently reclassified to profit or loss:			
Realised cash flow hedge		242.2	134.8
Related tax – realised cash flow hedge		(155.0)	(86.3)
Changes in fair value		(57.9)	(372.2)
Related tax – changes in fair value		52.1	241.8
Currency translation adjustment		(2.0)	(3.1)
Total other comprehensive income for the year (net of tax)		79.3	(84.9)
Total comprehensive income for the year (net of tax)		48.8	(138.1)



Consolidated Statement of Financial Position As of 31 December

All figures in USD million	Note	31.12.2022	31.12.2021
Non-current assets			
Exploration and evaluation assets	9	160.4	166.0
Deferred tax assets	13	348.8	526.3
Property, plant and equipment	10	1,911.9	1,898.7
Right-of-use asset		0.9	0.7
Restricted cash	17,18	203.7	205.5
Receivables non-current	15	0.8	–
Derivative instruments	18	33.7	9.7
Total non-current assets		2,660.1	2,806.9
Current assets			
Derivative instruments	18	130.9	–
Trade receivables and other current assets	15	128.6	108.9
Inventories	16	55.9	51.4
Bank deposits, cash and cash equivalents	17	268.4	122.6
Total current assets		583.9	283.0
Total assets		3,244.0	3,089.9
Equity			
Share capital	19	1.7	29.5
Other equity		600.8	462.7
Total equity		602.5	492.2
Non-current liabilities			
Asset retirement obligations	21	946.1	1,003.0
Convertible bond loans	18,22	188.7	157.1
Bond loan	18,22	166.9	164.9
Reserve-based lending facility	18,22	764.0	857.3
Derivative instruments	18	90.4	100.9
Other non-current liabilities	22	0.7	25.4
Total non-current liabilities		2,156.8	2,308.6
Current liabilities			
Asset retirement obligations	21	9.8	26.2
Tax payable	13	209.0	16.0
Derivative instruments	18	125.3	116.3
Trade payables and other current liabilities	23	140.6	130.5
Total current liabilities		484.7	289.1
Total liabilities		2,641.5	2,597.7
Total equity and liabilities		3,244.0	3,089.9

Oslo

28 March 2023

Riulf Rustad
Executive Chair

Tone Kristin Omsted
Board member

Marianne Lie
Board member

Colette Cohen
Board member

Robert J. McGuire
Board member

Jan Lernout
Board member

Peter Coleman
Board member

Euan Shirlaw
Chief Executive Officer



Consolidated Statement of Changes in Equity

All figures in USD million	Share capital	Share premium fund	Treasury share reserve	Currency translation fund	Cash flow hedge reserve	Other equity	Total equity
2021							
Equity on 1 January 2021	29.5	707.0	(0.5)	5.6	14.3	(126.0)	629.9
Net result for the period						(53.2)	(53.2)
Other comprehensive income							
Realised cash flow hedge	-	-	-	-	134.8	-	134.8
Related tax – realised cash flow hedge	-	-	-	-	(86.3)	-	(86.3)
Changes in fair value	-	-	-	-	(372.2)	-	(372.2)
Related tax – changes in fair value	-	-	-	-	241.8	-	241.8
Currency translation adjustments	-	-	-	(3.1)	-	-	(3.1)
Total other comprehensive income	-	-	-	(3.1)	(81.8)	-	(84.9)
Share-based incentive programme	-	-	-	-	-	0.3	0.3
Total transactions with owners for the period	-	-	-	-	-	0.3	0.3
Equity as of 31 December 2021	29.5	707.0	(0.5)	2.6	(67.5)	(178.9)	492.2
2022							
Equity as of 1 January 2022	29.5	707.0	(0.5)	2.6	(67.5)	(178.9)	492.2
Net result for the period						(30.5)	(30.5)
Other comprehensive income							
Realised cash flow hedge	-	-	-	-	242.2	-	242.2
Related tax – realised cash flow hedge	-	-	-	-	(155.0)	-	(155.0)
Changes in fair value	-	-	-	-	(57.9)	-	(57.9)
Related tax – changes in fair value	-	-	-	-	52.1	-	52.1
Currency translation adjustments	-	-	-	(2.0)	-	-	(2.0)
Total other comprehensive income	-	-	-	(2.0)	81.4	-	79.3
Issue of shares	1.4	32.2	-	-	-	-	33.6
Capital reduction, approved and registered	(29.3)	29.3	-	-	-	-	-
Settlement derivatives/conversion NOR13	-	-	-	-	-	21.0	21.0
Share-based incentive programme	-	-	-	-	-	1.5	1.5
Sale of shares	-	-	0.3	-	-	5.1	5.4
Total transactions with owners for the period	(27.8)	61.4	0.3	-	-	27.6	61.6
Equity as of 31 December 2022	1.7	768.4	(0.1)	0.5	13.9	(181.9)	602.5



Consolidated Statement of Cash Flows For the year ended 31 December

All figures in USD million	Note	2022	2021
Cash flows from operating activities			
Net result for the year		(30.5)	(53.2)
Adjustments for:			
Income tax benefit/(expense)	13	279.2	58.1
Tax paid		(11.6)	(10.3)
Depreciation	10	133.5	112.3
Share-based payments expenses		1.4	0.3
Net financial items	12	229.0	137.7
Net gain on sale of assets	12	(0.2)	–
Changes in:			
Trade receivable	15	(7.8)	(29.4)
Trade payables ¹⁾	23	(15.6)	(142.5)
Inventories and spare parts	16	(4.5)	(11.9)
Prepayments	15	(4.2)	2.7
Over/under-lift	15	(7.7)	(14.0)
Other current balance sheet items		(0.0)	(0.1)
Net cash flow from operating activities		561.0	49.8
Cash flows from investing activities			
Consideration sale of asset		0.3	–
Volume guarantee		–	14.6
Tax paid/received ²⁾		–	2.4
Investment in oil and gas assets	10	(241.6)	(228.1)
Investment in exploration assets	9	(2.4)	0.5
Abandonment paid		(14.4)	(21.2)
Changes in restricted cash accounts	17	–	(14.6)
Net cash flow from investing activities		(258.2)	(246.5)
Cash flows from financing activities			
Long-term loans	22	(100.0)	148.8
Issue of long-term loans	22	(0.8)	–
Lease payments		(0.4)	(0.7)
Sale of shares		5.4	–
Interest and financing costs		(61.6)	(82.0)
Settled hedges		–	(1.5)
Other financial items		0.2	(4.6)
Net cash flow from financing activities		(157.1)	60.0
Net change in cash and cash equivalents		145.8	(136.7)
Cash and cash equivalents at the beginning of the year		122.6	259.3
Cash and cash equivalents at end of the year		268.4	122.6

1) 2021 reflects the payment of the VAT liability related to 2020 of USD 156 million. The payment date was delayed to Q1 2021 by the Danish government as a response to the impact of COVID-19 on the economy.

2) Tax paid that was attributable to the period before the acquisition of Shell Olie-og Gasudvinding Danmark B.V. on 31 July 2019 is classified as investing activities.



Notes

1 Summary of significant accounting policies

Norwegian Energy Company ASA (BlueNord, "the Company" or "the Group") is a public limited liability company registered in Norway, with headquarters in Oslo (Nedre Vollgate 1, 0158 Oslo). The Company has subsidiaries in Norway, Denmark, the Netherlands and the United Kingdom. The Company is listed on the Oslo Stock Exchange.

The consolidated financial statements for 2022 were approved by the Board of Directors on 28 March 2023.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Group also provides the disclosure requirements as specified under the Norwegian Accounting Law (Regnskapsloven).

1.1 Basis of preparation

The consolidated financial statements of Norwegian Energy Company ASA (BlueNord) have been prepared in accordance with the IFRS and interpretations from the IFRIC, as endorsed by the EU. The Group also provides information required in accordance with the Norwegian Accounting Act and associated NGAAP standards.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

In accordance with the Norwegian Accounting Act, section 3-3a, the Board of Directors confirms that the consolidated financial statements have been prepared under the assumption of going concern and that this is the basis for the preparation of the financial statements. The financial solidity and the Company's working capital and cash position are considered satisfactory in regards of the planned activity level for the next 12 months.

The Board of Directors is of the opinion that the consolidated financial statements give a true and fair view of the Company's assets, debt, financial position and financial results. The Board of Directors are not aware of any factors that materially affect the assessment of the Company's position as of 31 December 2022, besides what is disclosed in the Director's Report and the financial statements.

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

1.1.1 Changes in accounting policies and disclosures

No change in 2022.

Amendments to standards

Amendments to standards, issued are either not expected to impact Norwegian Energy Company ASA (BlueNord)'s consolidated financial statements materially, or are not expected to be relevant to the consolidated financial statements upon adoption.

1.2 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

As of 31 December 2022, all consolidated subsidiaries are 100 percent controlled by the parent company, Norwegian Energy Company ASA (BlueNord) or other Group companies. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company does not differ from the proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiary undertakings included in the group. All subsidiary undertakings are included in the consolidation.



Notes continued

1 Summary of significant accounting policies continued

1.2 Consolidation continued

Subsidiaries continued

The Group had the following subsidiaries on 31 December 2022:

Name	Country of incorporation and place of business	Nature of business	Ordinary shares directly held by parent(%)	Ordinary shares held by the Group(%)
Noreco Denmark A/S	Denmark	Intermediate holding company		100%
Noreco Oil Denmark A/S	Denmark	Exploration and production activity		100%
Noreco Petroleum Denmark A/S	Denmark	Exploration and production activity		100%
Noreco Olie-og Gasudvinding Danmark B.V.	Netherlands	Exploration and production activity		100%
Noreco DK Pipeline ApS	Denmark	Infrastructure oil and gas		100%
Norwegian Energy Company UK Ltd	Great Britain	Exploration activity	100%	100%
Noreco Oil (UK) Ltd	Great Britain	Exploration activity		100%
Altinex AS	Norway	Intermediate holding company	100%	100%
Djerv Energi AS	Norway	Dormant Company	100%	100%

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred, except if related to the issue of debt not at fair value through profit and loss (FVTPL) or equity securities. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred or received by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. Intercompany transactions, balances, income and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Interest in jointly controlled assets

A jointly controlled asset is a contractual agreement between two or more parties regarding a financial activity under joint control. The Group has ownership in licences that are not separate legal companies. The Company recognises its share of the assets, liabilities, revenues and expenses of the joint operation in the respective line items in the Company's financial statements based on its ownership share.

1.3 Segment reporting

The Group's segments were established on the basis of the most appropriate distribution of resource and result measurement. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer. The whole Group is considered a single operating segment.

1.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US dollars (USD), which is the Group's presentation currency and the parent company and main operating companies functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses are recognised in the income statement as other financial income or other financial expenses.



c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for each financial position presented are translated at the closing rate at the date of that statement of financial position;
- ii) income and expenses for each income statement are translated at the average monthly exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii) all currency translation adjustments are recognised in other comprehensive income (OCI). Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation adjustments arising are recognised in other comprehensive income.

1.5 Property, plant and equipment

Property, plant and equipment include production facilities, machinery and equipment. Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes purchase price or construction cost and any costs directly attributable to bringing the assets to a working condition for their intended use, including capitalised borrowing expenses incurred up until the time the asset is ready to be put into operation.

For property, plant and equipment where asset retirement obligations for decommissioning and dismantling are recognised as a liability, this value is added to acquisition cost for the respective assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment, and depreciated separately.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Expenses related to drilling and equipment for exploration wells where proven and probable reserves are discovered are capitalised and depreciated using the unit-of-production (UoP) method based on the proven and probable reserves expected to be produced from the well. Development cost related to construction, installation and completion of infrastructural facilities, such as platforms, pipelines and drilling of production wells, are capitalised as producing oil and gas fields. They are depreciated using the unit-of-production method based on the proven and probable developed reserves expected to be recovered from the area for the economic lifetime of the field. For fields where the oil share of the reserves constitutes the most significant part of the value, the capitalised cost is depreciated based on produced barrels of oil. This generally gives a more systematic allocation of depreciation expenses over the useful life than using all produced oil equivalents. If realisation of the probable reserves demands further future investments, these are added to the basis of depreciation.

Acquired assets used for extraction and production of petroleum deposits, including licence rights, are depreciated using the UoP method based on proven and probable reserves.

Historical cost price for other assets is depreciated over the estimated useful economic life of the asset, using the straight-line method.

The estimated useful lives are as follows:

- Office equipment and fixtures: three to five years

Depreciation methods, useful lives, residual values and reserves are reviewed at each reporting date and adjusted if appropriate.

1.6 Intangible assets

Oil and gas exploration and development expenditures

The Group applies the successful efforts method of accounting for oil and gas exploration expenditures. Expenditures to acquire interests in oil and gas properties and to drill and equip exploratory wells are capitalised as exploration expenditures within intangible assets until the well is complete and the results have been evaluated, or there is any other indicator of a potential impairment. Exploration wells that discover potentially economic quantities of oil and natural gas remain capitalised as intangible assets during the evaluation phase of the discovery. This evaluation is normally finalised within one year. If, following the evaluation, the exploratory well has not found potentially commercial quantities of hydrocarbons, the capitalised expenditures are evaluated for derecognition or tested for impairment. Geological and geophysical expenditures and other exploration and evaluation expenditures are expensed as incurred.



Notes continued

1 Summary of significant accounting policies continued

1.6 Intangible assets continued

Capitalised exploration expenditures, including expenditures to acquire interests in oil and gas properties, related to wells that find proved reserves are transferred from exploration expenditures (intangible assets) to property, plant and equipment at the time of sanctioning of the development project.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets with definite lives are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in profit or loss in the period in which the expenditure is incurred. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the Consolidated Statement of Comprehensive income in the line-item depreciation and amortisation.

1.7 Impairment of non-financial assets

a) Unit of account

The Group applies each prospect, discovery, or field as unit of account for allocation of profit or loss and financial position items.

When performing impairment testing of licence and capitalised exploration expenditures and production facilities, each prospect, discovery, or field is tested separately as long as they are not defined to be part of a larger cash generating unit.

Developed fields producing from the same offshore installation are treated as one joint cash generating unit. The size of a cash generating unit cannot be larger than an operational segment.

b) Impairment testing

Intangible assets with an indefinite useful life are not subject to amortisation and are tested annually for impairment. For oil and gas exploration and development expenditures, see note 1.6 above regarding assessment of impairment and derecognition. Property, plant and equipment subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment write-downs are assessed for potential impairment reversal at each reporting date as to whether there is an indication that an impairment loss may no longer exist or may have decreased.

1.8 Financial assets

1.8.1 Classification

The Group classifies financial assets and financial liabilities according to IFRS 9 through the mixed measurement model with three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit and loss (P&L). The classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Management determines the classification of its financial assets at initial recognition.

a) Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading that are not measured at amortised cost or at fair value through OCI. IFRS 9 requires that for a financial liability designated as at fair value through profit or loss the effects of changes in the liability's credit risk shall be included in OCI instead of through profit and loss. Derivatives, including embedded derivatives, are also recognised at fair value through profit or loss unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

b) Financial assets and liabilities at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment testing. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.



These assets are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's financial assets categorised as at amortised cost comprise trade and other receivables, contract assets, restricted cash and cash and cash equivalents in the statement of financial position (notes 1.11 and 1.12).

The Group measures interest-bearing loans and borrowings (financial liabilities) at amortised cost using the effective interest method.

1.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Trade and other receivables are subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category is presented in the income statement within 'Financial items' in the period in which they arise.

1.9 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments (financial assets) not held at fair value through profit or loss. 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 expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

1.10 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group uses derivative financial instruments, such as forward commodity contracts and options, to reduce the exposure to commodity price volatility. The Group has elected to apply cash flow hedge accounting designating these derivatives. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and from the date of start of cash flow hedge accounting. These are subsequently re-measured at fair value and the effective portion of the gain or loss on the hedging instrument is recognised in OCI, while any ineffective portion is recognised immediately in profit or loss (financial income or financial expenses). The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same periods during which the hedged cash flows affect profit or loss. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Commodity contracts that were entered into and continue to be held for the purpose of the delivery of a non-financial item in accordance with the Group's expected sale requirements fall within the exception from IFRS 9, which is known as the "normal purchase or sale exemption" or the "own use" scope exception. For these contracts and the host part of the contracts containing embedded derivatives, they are accounted for as executory contracts. The Group recognises such contracts in its statement of financial position only when one of the parties meets its obligation under the contract to deliver either cash or a non-financial asset. The volume hedging agreement with Shell ended on 31 December 2020 and is not relevant in 2022.

1.11 Trade receivables

Trade receivables are amounts due from customers for oil and gas sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are measured at amortised cost using the effective interest method, less provision for impairment.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and short-term liquid placements, that immediately and with insignificant risk of changes in value can be converted to known cash amounts and with a remaining maturity less than three months from the date of acquisition. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.



Notes continued

1 Summary of significant accounting policies continued

1.13 Over/under-lifting of hydrocarbons

Over/under-lifting occurs when the Group has lifted and sold more or less hydrocarbons from a producing field than what the Group is entitled to at the time of lifting. Over-lifting of hydrocarbons is presented as other current liabilities, under-lifting of hydrocarbons is presented as other current assets. The value of under-lifting is measured at the lower of production expenses and the estimated sales value, less estimated sales costs and the value of over-lifting is measured at production expenses. Over-lifting and under-lifting of hydrocarbons are presented at gross value. Over/under-lift positions at the statement of financial position date are expected to be settled within 12 months from the statement of the financial position date.

1.14 Share capital, Treasury share reserves and share premium

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or option shares are recognised as a deduction from equity, net of any tax effects. Treasury share reserves are recognised as a deduction on equity at nominal value, the difference between nominal value and purchase price is deducted from other equity.

1.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are measured at fair value and subsequent measurements are considered trade payables at amortised cost when using effective interest rate.

1.16 Borrowings

Borrowings (financial liabilities) are classified as measured at amortised cost. Borrowings that are subsequently measured at amortised cost using the effective interest method are recognised initially at fair value, net of transaction costs incurred. For hybrid (combined) instrument that includes a non-derivative host contract that is not accounted for at FVTPL and an embedded derivative that is accounted for at FVTPL such as the convertible bond, the Company has elected an accounting policy that all of the transaction costs are always allocated to and deducted from the carrying amount of the non-derivative host contract on initial recognition. The subsequent measurement depends on which category they have been classified into. The categories applicable for the Company are either financial liabilities measured at fair value through OCI or financial liabilities measured at amortised cost using the effective interest method. The convertible bond loan has been determined to contain embedded derivatives, which is accounted for separately as a derivative at fair value through profit or loss, while the loan element is measured at amortised cost (note 3.1).

Borrowings are classified as non-current if contractual maturity is more than 12 months from the statement of financial position date. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. If the Group is in breach with any covenants on the statement of financial position date, and a waiver has not been approved before or on the statement of financial position date with 12 months duration or more after the statement of financial position date, the loan is classified as current even if expected maturity is longer than 12 months after the statement of financial position date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or when the contractual obligation expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income as a gain or loss under financial items. Transaction costs incurred during this process are treated as a cost of the settlement of the old debt and included in the gain or loss calculation.

1.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



1.18 Current and deferred income tax

The tax expense for the period comprises current tax, tax impact from refund of exploration expenses and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets, and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using nominal tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Producers of oil and gas on the Danish continental shelf are subject to the hydrocarbon tax regime under which income derived from the sale of oil and gas is taxed at an elevated 64 percent. Any income deriving from other activities than first-time sales of hydrocarbons is taxed at the ordinary corporate income rate of currently 22 percent. The 64 percent is calculated as the sum of the (chapter 2) tax of 25 percent plus a specific hydrocarbon tax (chapter 3a) of 52 percent, in which the 25 percent tax payable is deductible. When calculating the 52 percent tax, the Company is allowed to deduct an uplift (i.e. increased depreciation basis for tax purposes) of 30 percent of the investments in property, plant and equipment (PP&E) over a period of six years. Through an agreement from 2017, licence holders on the Danish continental shelf have had the possibility of applying new rules whereby the Company will have the possibility of increased uplift and accelerated depreciation during the period from 2017 to 2025. At the same time, the companies utilising the benefit are also liable for a repayment of the tax benefits previously received, this will materialise from 2022 through 2037 with an oil price (indexed from 2017) above USD 75. The repayment cannot exceed the indexed benefit from the applied rules.

1.19 Pensions

The Group only has defined contribution plans as of 31 December 2022. For the defined contribution plan, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.20 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options or shares granted:

Fair value

- Including any market performance conditions.
- Excludes the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in assumptions about the number of options or shares that are expected to vest. The total expense is recognised over the vesting period (which is the period over which all of the specified vesting conditions are to be satisfied).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.



Notes continued

1 Summary of significant accounting policies continued

1.20 Share-based payments continued

Fair value continued

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

1.21 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) arising from a past event, and it is probable (more likely than not) that it will result in an outflow from the entity of resources embodying economic benefits, and that a reliable estimate can be made of the amount of the obligation.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.21.1 Asset retirement obligations

Provisions reflect the estimated cost of decommissioning and removal of wells and production facilities used for the production of hydrocarbons. Asset retirement obligations are measured at net present value of the anticipated future cost (estimated based on current day costs inflated). The liability is calculated on the basis of current removal requirements and is discounted to present value using a risk-free rate adjusted for credit margin. Liabilities are recognised when they arise and are adjusted continually in accordance with changes in requirements, price levels etc. When a decommissioning liability is recognised or the estimate changes, a corresponding amount is recorded to increase or decrease the related asset and is depreciated in line with the asset. Increase in the provision as a result of the time value of money is recognised in the income statement as a financial expense. If abandonment cost through agreements with partners have been limited to a given amount, this then forms the basis for the recognised liability.

1.22 Contingent liabilities and assets

Contingent liabilities are defined as:

- Possible obligations that arise from past events, whose existence depends on uncertain future events.
- Present obligations which have not been recognised because it is not probable that they will result in a payment.
- The amount of the obligation cannot be measured with sufficient reliability.

Specific mention of material contingent liabilities is disclosed, with the exception of contingent liabilities where the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements but are disclosed if there is a certain probability that a benefit will accrue to the Group.

1.23 Revenue recognition

Revenue is recognised when the customer obtains control of the hydrocarbons, which is ordinarily at the point of delivery (lifting and sales) when title passes (sales method). Over/under-lifting occurs when the Group has lifted and sold more or less hydrocarbons from a producing field than what the Group is entitled to at the time of lifting. See note 1.13 for a description of accounting for over/under-lifting of hydrocarbons in the statement of financial position.

1.24 Production expenses

Production expenses are expenses that are directly attached to production of hydrocarbons, e.g. expenses for operating and maintaining production facilities and installations. Expenses mainly consist of man-hours, insurance, processing costs, environmental fees, transport costs etc.

1.25 Interest income

Interest income is recognised using the effective interest method.

1.26 Consolidated statement of cash flows

The consolidated statement of cash flows is prepared according to the indirect method. See note 1.12 for the definition of "cash and cash equivalents".

2 Financial risk management

2.1 Financial risk factors

The Group's activities expose it to financial risks: market risk (including currency risk, price risk, interest rate risk), credit risk and liquidity risk. The Group uses bond loans to finance its operations in connection with the day-to-day business, financial instruments, such as bank deposits, trade receivables and payables, and other current liabilities that arise directly from its operations, are utilised.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market risk comprises three types of risk: foreign currency risk, price risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

a) Foreign currency risk

The Group is composed of businesses with various functional currencies including USD, EUR, GBP and DKK. The Group is exposed to foreign exchange risk for series of payments in other currencies than the functional currency, mainly related to the ratio between NOK and USD, DKK and USD, EUR and USD and GBP and USD. The Group's statement of financial position includes significant assets and liabilities, which are recorded in other currencies than the Group's presentation currency. As such, the Group's equity is sensitive to changes in foreign exchange rates. See note 15 Non-current receivables, trade receivable and other current receivables, note 17 Restricted Cash, Bank Deposits, Cash and Cash Equivalents, note 18 Financial instruments, note 21 Asset retirement obligation, note 22 Borrowings and note 23 Trade payables and other payables, note 27 Contingencies and commitments. A decrease in the closing rate of NOK, EUR and DKK with 10 percent compared to USD would have the following impact on financial assets, financial liabilities and equity:

USD million	NOK	DKK	EUR
Financial assets	1	48	11
Financial liabilities	0	15	-1
Effect net result/equity	1	33	13

The Company considers the currency risk relating to the different financial instruments as low, as the main financial items held in a currency other than the functional currency of the respective components is offset by positions in other components of the Group and/or hedged. With regards to trade receivables and payables, the Company deems the risk to be immaterial.

b) Price risk

Norwegian Energy Company ASA (BlueNord) produces and sells hydrocarbons in Denmark and is as a result exposed to changes in commodity prices. The Group has a material commodity price hedging programme in place that mitigates the risk of near-term price movements. As of 31 December 2022, Norwegian Energy Company ASA (BlueNord) had commodity derivatives measured at fair value. A change in the value directly affects the Company's OCI and recorded equity, and hence the Group is exposed to the fair value development of these financial instruments. Assuming an increase in the commodity price at 31 December 2022 of 10 percent and assuming this change will have full effect on the whole curve, the effect on the value of commodity derivatives would have the following impact:

USD million	Equity	OCI	Net result
Commodity price +10%	-25	-25	0
Commodity price -10%	25	25	0

The effect on equity would be equal to the change in value of the commodity derivatives. The change in value of hedging contracts over time will be offset by the realised value of the contract when the hedge instrument matures, therefore the underlying value to Norwegian Energy Company ASA (BlueNord)'s business operations is not impacted by changes in the derivative value at any point in time.

c) Interest rate risk

The Group has loans with fixed and floating interest rates. Loans with fixed interest rate expose the Group to risk (premium/discount) associated with changes in the market interest rate. At year-end, the Group has a total of USD 1.1 billion (2021: USD 1.2 billion) in interest-bearing debt (carrying amount), the principal amount was USD 1.2 billion. The Group's RBL facility has a floating interest rate comprising the aggregate of SOFR and 4.0 percent per annum, while the Group's Bond debt (NOR13 and NOR14) have a fixed interest rate exposure. The reserve-based lending facility is linked to the SOFR rate as set at the time of redetermination. A variance of +1 percent in the SOFR rate would result in USD 9.0 million of interest charges to Norwegian Energy Company ASA (BlueNord) per annum, however the Company has hedged this interest rate until 30 June 2024 at a rate of 0.40 percent to cover any increase in SOFR rate. For further information about the Group's interest-bearing debt, see note 22.

All bank deposits (USD 472.1 million) are at floating interest rates. See note 17 Restricted cash, bank deposits, cash and cash equivalents for further information about bank deposits. The Group considers the risk exposure to changes in market interest to be at an acceptable level.

Notes continued

2 Financial risk management continued

2.1 Financial risk factors continued

Liquidity risk

The Group has certain financial commitments arising from its operations and other agreements entered into which are expected to be met by liquid assets, proceeds from external financing and cash flow from operations. The Group monitors its liquidity situation continuously to ensure it will be able to meet its financial obligations as they fall due. As of 31 December 2022, none of the Group's interest-bearing debt were falling due within the next 12 months.

Credit risk

The Group's most significant credit risk arises principally from recognised receivables related to the Group's operation. The credit risk arising from the production of oil, gas and natural gas liquids (NGLs) is considered limited, as sales are to major oil companies with considerable financial resources. The counterparty in derivatives are large international banks and insurance companies whose credit risk is considered low.

2.2 Capital risk management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an acceptable capital structure to reduce the cost of capital.

The Group monitors the debt with the basis of cash flows, equity ratio and the gearing ratio. The Group's debt restricts the payment of dividends until two quarters after the completion of the Tyra redevelopment project; subsequent to this date, NOR14 limits dividend payments to 50 percent of the Group's net profit after tax for the previous year. See further information regarding borrowings and covenants in note 22.

2.3 Fair value estimation

The Group has certain financial instruments carried at fair value. The different fair value hierarchy levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specified valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.

Level 3: Inputs for other assets or liabilities that are not based on observable market data

In Level 3, there are one financial instrument, the embedded derivatives in the convertible bond.

The fair value of the embedded derivatives is calculated based on the Black-Scholes-Merton valuation model. A change in the share price of +/- 10 percent would have the following impact on the embedded derivatives, net result and equity:

Share price	Sensitivity analysis	
	10%	-10%
Embedded derivatives	USD million (11)	10
Effect net result/equity	USD million (11)	10

It is evaluated that there is no tax effect of changes in fair value of the contingent consideration and embedded derivatives. See note 18 for fair value hierarchy and further information.



3 Critical accounting estimates and judgements

3.1 Critical accounting estimates and assumptions

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Estimated value of financial assets and financial liabilities

The embedded derivatives in the convertible debt have been recognised separately at fair value through profit and loss. The value of this embedded derivative has been calculated using the Black-Scholes-Merton valuation model using assumptions for share price, volatility of share price, and other inputs which are subject to significant uncertainty.

For financial assets at amortised cost, an assessment is made on whether objective evidence is present that financial assets or groups of financial assets should be written down.

For more details, see note 18 Financial Instruments.

b) Income tax

All figures reported in the statement of comprehensive income and the statement of financial position are based on the Group's tax calculations and should be regarded as estimates until the tax for the year has been settled. Tax authorities can be of a different opinion than the Company. See also note 13.

c) Asset retirement obligation

Production of oil and gas is subject to statutory requirements relating to decommissioning and removal obligation once production has ceased. Provisions to cover these future decommissioning and removal expenditures must be recognised at the time the statutory requirement arises. The costs will often incur sometime in the future, and there is significant uncertainty attached to the scale and complexity of the decommissioning and removal involved. Estimated future costs (estimated based on current costs inflated) are based on known decommissioning and removal technology, expected future price levels, and the expected future decommissioning and removal date, discounted to net present value using a risk-free rate adjusted for credit margin. Changes in one or more of these factors could result in changes in the decommissioning and removal liabilities. See note 21 Asset Retirement Obligations for further details about decommissioning and removal obligations.

d) Depreciation and impairment of fixed assets

The estimation of the recoverable amount of oil and gas assets as well as the estimation of available commercially depletable reserves is subject to significant uncertainty, primarily related to future oil and gas price levels. Impairment assessments are made to the extent there are indicators of reduced values of fixed assets. UoP depreciations are amended on a prospective basis following regular reserves estimation updates performed by the Group. For more details, see note 11 Impairments.

3.2 Critical judgements in applying the entity's accounting policies

a) Accounting for convertible debt

The Group has issued bonds with conversion rights and other embedded derivatives (but the conversion feature is the main element). The conversion feature has been determined to constitute an embedded derivative and has been separated from the loan contract. The loan element has been recognised at amortised cost. At initial recognition, the loan was measured as the residual amount of the proceeds from the bond issue, less issue costs, less the calculated fair value of the conversion feature. The process of determining whether the conversion feature in the convertible bond arrangement should be treated as a liability or an equity component requires the application of significant judgement.

The convertible bond is either a financial liability (including certain embedded derivative features which may require separation) or a compound instrument (i.e. such a liability plus an equity conversion option). The Group has assessed that the holder's conversion option does not involve receiving a fixed number of shares by giving up a fixed stated principal amount of bond, hence the Group has assessed this instrument is not a compound instrument with an equity part. Further multiple embedded derivatives have been identified in the host contract that has been assessed is not readily separable and independent of each other, and as such is treated as a single compound embedded derivative. Also, the fair value measurement of the conversion feature using the Black-Scholes-Merton valuation model, requires significant judgement when selecting and applying the required assumptions.



Notes continued

4 Revenue

USD million	2022	2021
Sale of oil	552.1	416.0
Sale of gas and NGL	408.4	142.4
Other income	6.4	6.9
Total revenue	966.9	565.3
Oil-lifted volumes (mmbbl)	7.32	7.20
Effective oil price USD/bbl	75.5	57.8
Gas lifted volumes (mmboe)	2.3	2.3
Effective gas price EUR/MWh	101.9	30.4
Effective gas price USD/boe	181.1	61.5

In 2022, sale of oil amounted to USD 552.1 million and sale of gas amounted to USD 408.4 million, realised prices were USD 75.5 per bbl of oil and USD 181.1 per boe gas lifted during the year, adjusted for settlement of price hedges in place with financial institutions.

During 2022, Norwegian Energy Company ASA (BlueNord) recognised the settlement of price hedges that were put in place with financial institutions in the market as revenue, when these price hedges match the physical sale of oil and gas. Price hedges in excess of actual liftings are treated as financial income or expenses based on the required accounting treatment for these instruments during the period.

Revenue per customer	2022	2021
Shell Trading International	77.7%	90.1%
Ørsted Salg & Service AS	32.5%	28.4%
Shell Energy Europe Limited	16.2%	8.2%
CommonwealthBank ¹⁾	-1.9%	-4.7%
SEB Skandinaviska Enskilda Banken AB ¹⁾	-2.4%	0.0%
BNP Paribas ¹⁾	-4.2%	-10.2%
Natixis ¹⁾	-8.0%	-11.9%
Lloyds Bank Corporate Markets PLC ¹⁾	-10.0%	0.0%
Total revenue	100.0%	100.0%

¹⁾ The negative percentages represent the settlement of commodity hedges in place with financial institutions.

5 Production expenses

USD million	2022	2021
Direct field opex	(233.1)	(210.9)
Tariff and transportation expenses	(43.3)	(44.3)
Production general and administrative (G&A)	(32.1)	(41.8)
Field operating cost	(308.5)	(297.0)
Total produced volumes (mmboe)	9.8	9.8
In USD per boe	(31.6)	(30.2)
Adjustments for:		
Concept studies	(1.5)	–
Change in inventory position	4.0	(0.7)
Over/under-lift of oil and NGL	7.7	14.0
Insurance & other	(19.4)	(21.6)
Stock scrap	(5.6)	12.6
Production expenses	(323.4)	(292.7)

Production expenses for the year directly attributable to the lifting and transportation to market of Norwegian Energy Company ASA (BlueNord)'s oil and gas production is in total USD 308.5 million, which equates to USD 31.6 per boe produced during 2022 (2021: USD 30.2 per boe produced). Actual production expenses in 2022 was in line with the expectation. The increase compared with 2021 is mainly driven by the high activity on workovers to maintain base production in with some increased costs from inflation.



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6 Exploration and evaluation expenses

USD million	2022	2021
Other exploration and evaluation costs	(0.7)	(0.7)
Total exploration and evaluation costs	(0.7)	(0.7)

7 Personnel expenses

USD million	Note	2022	2021
Salaries		(9.2)	(9.5)
Social security tax		(1.0)	(0.8)
Pension costs	20	(0.5)	(0.6)
Costs relating to share-based payments	24	(1.4)	(0.3)
Other personnel expenses		(0.4)	(0.3)
Total personnel expenses		(12.5)	(11.5)
Average number of employees		30.5	27.4

Please see the Executive Remuneration Report 2022 for compensation to key management and Board of Directors in the period 2018-2022.

8 Other operating expenses

USD million	2022	2021
Consultant fees	(15.3)	(8.2)
Other operating expenses	(3.8)	(2.7)
Total other operating expenses	(19.1)	(10.9)

USD, 1000 excl. VAT	2022	2021
Auditor's fees	(625.8)	(575.1)
Other assurance service	(84.6)	(5.4)
Total audit fees	(710.4)	(580.5)

9 Intangible assets

Intangible assets at 31 December 2022

USD million	Capitalised exploration expenditures	Conceptual studies	Licence	Total
Book value 31 December 21	1.4	-	164.7	166.0
Acquisition costs 31 December 21	1.4	-	186.0	187.4
Additions	0.5	1.9	-	2.4
Acquisition costs 31 December 22	1.8	1.9	186.0	189.8
Accumulated depreciation, amortisation and write-downs 31 December 21	-	-	(21.3)	(21.3)
Depreciation/amortisation	-	-	(8.0)	(8.0)
Accumulated depreciation, amortisation and write-downs 31 December 22	-	-	(29.4)	(29.4)
Book value 31 December 22	1.8	1.9	156.6	160.4



Notes continued

9 Intangible assets continued Intangible assets at 31 December 2021

USD million	Capitalised exploration expenditures	Conceptual studies	Licence	Total
Book value 31 December 20	1.9	–	172.7	174.6
Acquisition costs 31 December 20	1.9	–	186.0	187.8
Additions	(0.5)	–	–	(0.5)
Acquisition costs 31 December 21	1.4	–	186.0	187.4
Accumulated depreciation and write-downs 31 December 20	–	–	(13.3)	(13.3)
Depreciation/amortisation	–	–	(8.0)	(8.0)
Accumulated depreciation and write-downs 31 December 21	–	–	(21.3)	(21.3)
Book value 31 December 21	1.4	–	164.7	166.0

10 Property, plant and equipment Property, plant and equipment at 31 December 2022

USD million	Asset under construction	Production facilities	Other assets	Total
Book value 31 December 21	818.5	1,078.5	1.7	1,898.7
Acquisition costs 31 December 21	818.5	1,346.6	3.1	2,168.2
Sale of assets	–	(0.2)	(0.2)	(0.4)
Additions	232.4	9.1	0.2	241.6
Revaluation abandonment assets	–	(102.8)	–	(102.8)
Currency translation adjustment	–	(0.1)	(0.1)	(0.2)
Acquisition costs 31 December 22	1,050.9	1,252.5	3.1	2,306.4
Depreciation and write-downs 31 December 21	–	(268.2)	(1.4)	(269.6)
Sale of asset, reversal depreciation	–	0.1	–	0.1
Depreciation	–	(124.8)	(0.3)	(125.1)
Currency translation adjustment	–	0.0	0.0	0.0
Depreciation and write-downs 31 December 22	–	(392.9)	(1.7)	(394.6)
Book value 31 December 22	1,050.9	859.6	1.4	1,911.9

Property, plant and equipment at 31 December 2021

USD million	Asset under construction	Production facilities	Other assets	Total
Book value 31 December 20	607.7	1,093.9	2.5	1,704.1
Acquisition costs 31 December 20	607.7	1,258.7	3.2	1,869.6
Additions	210.8	17.5	0.1	228.4
Acquisition of abandonment asset	–	70.6	–	70.6
Disposal	–	–	–	–
Currency translation adjustment	–	(0.2)	(0.1)	(0.3)
Acquisition costs 31 December 21	818.5	1,346.6	(0.1)	2,168.3
Accumulated depreciation and write-downs 31 December 20	–	(164.9)	(0.1)	(165.9)
Depreciation	–	(103.3)	(0.1)	(103.7)
Currency translation adjustment	–	0.0	0.0	0.1
Accumulated depreciation and write-downs 31 December 21	–	(268.2)	(0.2)	(269.6)
Book value 31 December 21	818.5	1,078.5	1.3	1,898.7



11 Impairments

Impairment testing

Impairment testing of our asset base is performed periodically and/or when impairment triggers are identified. In Q4 2022, Norwegian Energy Company ASA (BlueNord) carried out a periodical impairment test for the fixed assets and related tangible assets. Impairment is recognised when the book value of an asset or a cash generating unit exceeds the recoverable amount. The recoverable amount is the higher of the assets fair value less cost to sell and value in use. In Q4 2022, the recoverable amount was calculated as the expected future cash flow from the asset, discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. Cash flows are projected for the estimated lifetime of the fields, which exceed five years.

Commodity prices

Future commodity price levels are a key assumption and have a significant impact on the net present value (NPV). Forecasted oil and gas prices are based on management's estimates and available market data. Information about market prices in the near future can be derived from the futures contract market. The information about future prices is less reliable on a long-term basis, as there are fewer observable market transactions going forward. In the impairment test, the oil and gas prices are therefore based on the forward curve from the beginning of 2023 to the end of 2025. From 2026, the oil and gas prices are based on the Company's long-term price assumptions.

Nominal oil prices applied in the impairment test are as follows:

Year	USD/BBL
2023	80.0
2024	75.0
2025	70.0
From 2026 onwards	65.0

Nominal gas prices applied in the impairment test are as follows:

Year	EUR/MWH
2023	60.0
2024	60.0
2025	50.0
From 2026 onwards	30.0

Oil and gas reserves

Future cash flows are calculated on the basis of expected production profiles and probable remaining reserves.

Future expenditure

Future opex, capex and abandonment cost are calculated based on the expected production profiles and the best estimate of the related cost.

Discount rate

The discount rate is derived from the weighted average cost of capital ("WACC") for a market participant. The post-tax nominal discount rate used is 9.2 percent.

Exchange rates

The exchange rate from US dollar to Danish kroner is a blended rate of 7.02 throughout the forecast period. The applied blended rate is taken as 75 percent of the market rate at 6.87 and 25 percent of the Operator's Budget Book rate at 7.46. The US dollar to euro exchange rate is 0.92 throughout the forecast period. The US dollar to euro rate has been pegged to a euro to Danish kroner rate of 7.44, sensitivity analysis based on exchange rates will maintain the euro to Danish kroner exchange rate.

Inflation

The long-term inflation rate is assumed to be two percent.

Impairment testing of assets including tangible and intangible asset values

Both the tangible and intangible asset value attached to a cash generating unit is tested as part of the impairment assessment. The carrying value of the assets is the sum of tangible assets and intangible assets as of the assessment date.

Result of impairment assessment

The impairment assessment has not resulted in any impairment charge being recognised.



Notes continued

11 Impairments continued

Sensitivity analysis

The table below shows how the impairment or reversal of impairment of assets would be affected by changes in the various assumptions, given that the remaining assumptions are constant.

Sensitivity	Change in NPV	Implied Impairment (if applicable) USD 1,000
Long-term price +10%	11%	–
Long-term price -10%	-12%	(207.4)
USD:DKK FX rate +10%	-2%	–
USD:DKK FX rate -10%	3%	–
WACC +1.0%	-5%	(49.1)
WACC -1.0%	5%	–
Inflation rate +1.0%	6%	–
Inflation rate -1.0%	-5%	(63.1)

12 Financial Income and Expenses

Financial income

USD million	2022	2021
Value adjustment interest swap unrealised ¹⁾	10.2	1.0
Value adjustment of embedded derivatives ²⁾	–	6.0
Interest income	4.0	0.0
Extinguishment of bond loan	33.7	–
Foreign exchange gains	11.0	20.9
Total financial income	58.8	27.8

Financial expenses

USD million	2022	2021
Value adjustment of embedded derivatives ²⁾	(132.3)	–
Value adjustment of FX contract	–	(1.0)
Value adjustment amortised cost RBL	–	(5.3)
Utilisation of derivatives	–	(3.7)
Unrealised loss derivatives	–	(7.5)
Interest expense from bond loans	(46.5)	(43.7)
Interest expense from bank debt ³⁾	(48.9)	(45.3)
Interest expenses current liabilities	(0.1)	(0.0)
Accretion expense related to asset retirement obligations	(48.0)	(34.9)
Foreign exchange losses	(8.5)	(15.3)
Other financial expenses	(3.4)	(3.5)
Total financial expenses	(287.8)	(160.2)
Net financial items	(229.0)	(132.3)

1) Fair value adjustment of interest swap related to RBL facility, ineffective part.

2) Fair value adjustment of the embedded derivatives of the convertible bonds.

3) Net of realised interest swap.

13 Tax

Tax rates

Producers of oil and gas on the Danish continental shelf are subject to the hydrocarbon tax regime under which, income derived from the sale of oil and gas is taxed at an elevated 64 percent. Any income deriving from other activities than first-time sales of hydrocarbons is taxed at the ordinary corporate income rate of currently 22 percent. The 64 percent is calculated as the sum of the "Chapter 2" tax of 25 percent plus a specific hydrocarbon tax (chapter 3a) of 52 percent, in which the 25 percent tax payable is deductible. Income generated in Norway and United Kingdom is subject to regular corporate tax at 22 percent.



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Tax expense

USD million

	2022
Income tax in profit/loss (Danish corporate income tax and hydrocarbon tax)	
Income tax current year	(139.9)
Repayment of tax benefit related to chapter 3b	(62.7)
Income tax for prior years	(2.0)
Current income tax	(204.6)
Deferred tax movements	(65.9)
Prior year adjustment, deferred tax	(8.6)
Deferred tax expense	(74.5)
Tax (expense)/income	(279.2)

Income tax in profit/loss is solely derived from the Group's activities on the Danish continental shelf, of which the major part is subject to the elevated 64 percent hydrocarbon tax.

Tax (expense)/income related to OCI

Cash flow hedges	(102.9)
Tax (expense)/income related to OCI	(102.9)

Income tax on OCI is related to the unrealised fair value changes in derivatives designated in cash flow hedges. To the extent derivatives are associated with the sale of oil and gas, results from cash flow hedges are subject to 64 percent hydrocarbon tax.

Reconciliation of nominal to actual tax rate	Hydrocarbon tax 64%		Corporate tax 22%		In total
Result before tax	364.1		(115.4)		248.7
Expected tax on profit before tax	233.0	64%	(25.4)	22%	207.6
Tax effect of:					
Prior year adjustment	9.6	3%	0.2	0%	9.8
FX adjustment of net operating losses carried forward in DKK ¹⁾	37.3	10%	–	0%	37.3
Repayment of tax benefit related to chapter 3b ²⁾	30.1	8%	–	0%	30.1
Investment uplift on CAPEX projects ³⁾	(36.8)	(10%)	–	0%	(36.8)
Permanent differences	–	0%	29.1	(25%)	29.1
No recognition of tax assets in Norway and UK	–	0%	2.0	2%	2.0
Tax expense (income) in profit/loss	273.2	75%	6.0	5%	279.2

1) Deferred tax movement no cash effect.

2) From 2022 onwards, an additional tax cost related to the special tax incentive scheme (chapter 3b) is levied if commodity prices exceed certain thresholds. This tax is payable on net proceeds from sales (incl. hedging results), less costs and fiscal depreciation and constitutes a repayment of the benefit previously achieved. The repayment cannot exceed the accumulated tax benefit achieved from the special tax incentive rules during the development period. For 2022, Norwegian Energy Company ASA (BlueNord) estimates USD 30.1 million year to date.

3) The cost in the hydrocarbon tax regime is positively impacted by the 39 percent investment uplift on the Tyra Field development project.

Reconciliation of nominal to actual tax rate, continues	Hydrocarbon tax 64%		Corporate tax 22%		In total
OCI before tax	148.5		35.8		184.3
Expected tax on OCI before tax	(95.1)	64%	(7.9)	22%	(102.9)
Tax effect of:					
Non-taxable currency translation adjustment	–		–		–
Tax in OCI	(95.1)	64%	(7.9)	22%	(102.9)

Current income tax payable

Tax payable relates to the Group's entities in Denmark. The amounts payable as of 31 December 22 were:

Hydrocarbon tax pertaining to pre-acquisition period 2019 not indemnified by the Seller	(10.2)
Hydrocarbon tax for prior years (Denmark)	(12.7)
Hydrocarbon and corporate tax for 2021 and 2022 (Denmark)	(126.3)
Corporate tax for 22%	(13.9)
Repayment of tax benefit related to chapter 3b	(45.9)
Tax payables	(209.0)



Notes continued

13 Tax continued

Current income taxes for current and prior periods are measured at the amount that is expected to be paid to or be refunded from the tax authorities, as at the balance sheet date. Due to the complexity in the legislative framework and the limited amount of guidance from relevant case law, the measurement of taxable profits within the oil and gas industry is associated with some degree of uncertainty. Uncertain tax liabilities are recognised with the probable value if their probability is more likely than not. Tax payable of USD 209.0 million, of which USD 191 million is an actual cash payable to be paid in 2023.

As of 31 December 2022, the Company has provided an estimated USD 10.2 million pertaining to hydrocarbon tax in the part of pre-acquisition period, which is not indemnified by the Seller.

Deferred tax

Deferred tax assets are measured at the amount that is expected to result in taxes due to temporary differences and the value of tax losses.

The recognised deferred tax asset relates to the following balance sheet items, all pertaining to the Group's activities on the Danish continental shelf:

USD million		Effect	Effect	
Deferred tax and deferred tax asset	01.01.22	recognised in profit/loss	recognised in OCI	31.12.2022
Property, plant and equipment	624.6	11.5	–	636.1
Intangible assets, licences	17.2	7.9	–	25.1
Inventories and receivables	26.7	2.6	–	29.3
Asset retirement obligation (ARO) provision	(611.1)	46.7	–	(564.5)
Other assets and liabilities	–	(2.8)	–	(2.8)
Tax loss carryforward, corporate tax (22%)	(2.0)	0.1	1.9	–
Tax loss carryforward, chapter 2 tax (25%)	(22.8)	(14.4)	37.1	(0.1)
Tax loss carryforward, chapter 3a tax (52%)	(558.3)	28.5	57.9	(471.9)
Deferred tax asset, net	(525.7)	80.0	96.9	(348.8)

Tax loss carry forwards

Tax losses are recognised in accordance with the expected utilisation hereof in subsequent income years based on the current business outlook and economic projections.

Due to the limited taxable activity in UK and Norway, corporate tax losses in these jurisdictions are not capitalised.

Tax losses in Denmark and UK under the hydrocarbon tax regime may be carried forward indefinitely and the utilisation is not subject to an annual cap. Losses are carried forward in Danish kroner and British pounds.

Tax losses carried forward, Denmark	Million DKK
Corporate tax (22%)	–
Chapter 2 Hydrocarbon tax (25%)	–
Chapter 3a Hydrocarbon tax (52%)	5,773.5
Tax losses carried forward, Norway	Million NOK
Corporate tax Norway (22%)	1,071.4
Tax losses carried forward, UK	Million GBP/USD
Trade losses, UK (hydrocarbon s 330(2))	75.0
Trade losses, UK (hydrocarbon), USD	96.0
Pre-trading capital expenditure, UK (hydrocarbon), GBP	41.0



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14 Earnings per share

Earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue during the year.

USD million	2022	2021
Profit (loss) attributable to ordinary shareholders from operations	(31)	(53)
Profit (loss) basis for fully diluted shareholders from operations	131	(33)
Weighted average number of shares (basic)	25,004,296	24,110,852
Adjustments convertible bond loan	5,822,649	11,149,488
Adjustments option schemes	391,868	–
Weighted average number of shares (diluted)	31,218,813	35,260,340
Earnings per share in USD	(1.2)	(2.2)
Earnings per share in USD diluted	(1.2)	(2.2)

15 Trade receivables and other current receivables

USD million	2022	2021
Non-current assets		
Convertible loan CarbonCuts	0.2	–
Loan CarbonCuts	0.6	–
Total non-current receivables	0.8	–
Current assets		
Trade receivables	42.1	40.4
Accrued revenue	52.3	47.1
Under-lift of oil/NGL	8.9	1.2
Prepayments	24.2	20.1
Other receivables	1.1	0.2
Total trade receivables and other current receivables	128.6	108.9

Ageing analysis of trade receivables on 31 December 2022

USD million	Total	Not past due	Past due				
			> 30 days	30-60 days	61-90 days	91-120 days	> 120 days
Trade receivables	42.1	42.1	–	–	–	–	–
Total	42.1	42.1	–	–	–	–	–

Ageing analysis of trade receivables on 31 December 2021

USD million	Total	Not past due	Past due				
			> 30 days	30-60 days	61-90 days	91-120 days	> 120 days
Trade receivables	40.4	38.2	–	–	–	–	2.2
Total	40.4	38.2	–	–	–	–	2.2

16 Inventories

USD million	2022	2021
Product inventory, oil	21.6	17.7
Other stock (spares and consumables)*	34.3	33.8
Total inventories	55.9	51.4

* As of 31.12.2022 there are no provisions for obsolete stock.



Notes continued

17 Restricted cash, bank deposits, cash and cash equivalents

USD million	2022	2021
Non-current assets		
Restricted cash pledged as security for abandonment obligation related to Nini/Cecilie	61.1	65.0
Restricted cash pledged as security for cash call obligations towards TotalEnergies ¹⁾	142.5	140.5
Total non-current restricted cash	203.7	205.5
Current assets		
Unrestricted cash, bank deposits, cash equivalents	268.4	122.7
Total bank deposits	472.1	328.1

1) Norwegian Energy Company ASA (BlueNord) has made a USD 140 million deposit into a cash call security account in accordance with a cash call security agreement with TotalEnergies E&P Denmark A/S as operator of the DJUC. All payment obligations from Norwegian Energy Company ASA (BlueNord) to the cash call security account have been made and there will be no further increase.

18 Financial instruments

18.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs for the asset or liability that are not based on observable market data.

On 31 December 2022 USD million	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Derivative instruments interest swap	-	11.1	-	11.1
Financial assets at fair value hedging instruments				
- Derivative instruments interest swap	-	44.6	-	44.6
- Derivative instruments price hedge	-	108.9	-	108.9
Total assets	-	164.6	-	164.6
Liabilities				
Financial liabilities at fair value through profit or loss				
- Embedded derivatives convertible bond NOR13	-	-	10.0	10.0
- Embedded derivatives convertible bond NOR15	-	-	38.9	38.9
Financial liabilities at fair value hedging instruments				
- Derivative instruments price hedge	-	166.8	-	166.8
Total liabilities	-	166.8	48.9	215.7
On 31 December 2021				
USD million	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Derivative instruments interest swap	-	1.0	-	1.0
Financial assets at fair value hedging instruments				
- Derivative instruments interest swap	-	8.8	-	8.8
Total assets	-	9.7	-	9.7
Liabilities				
Financial liabilities at fair value through profit or loss				
- Embedded derivatives convertible bond NOR13	-	-	12.1	12.1
Financial liabilities at fair value hedging instruments				
- Derivative instruments price hedge	-	205.1	-	205.1
Total liabilities	-	205.1	12.1	217.2



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18.2 Financial instruments by category

On 31 December 2022 USD million	Financial assets at amortised cost	Assets at fair value through profit or loss	Fair value – hedging instruments	Total
Assets				
Convertible loan CarbonCuts	0.2	-	-	0.2
Loan CarbonCuts	0.6	-	-	0.6
Derivative instruments interest swap	-	-	55.7	55.7
Derivative instruments price hedge	-	-	108.9	108.9
Trade receivables and other current assets	128.6	-	-	128.6
Restricted cash	203.7	-	-	203.7
Bank deposits, cash and cash equivalents	268.4	-	-	268.4
Total	601.5	-	164.6	766.1

USD million	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Fair value – hedging instruments	Total
Liabilities				
Derivative instruments price hedge	-	-	166.8	166.8
Embedded derivatives convertible bond NOR13	-	10.0	-	10.0
Embedded derivatives convertible bond NOR15	-	38.9	-	38.9
Convertible bond loans	188.7	-	-	188.7
Senior unsecured bond loan	166.9	-	-	166.9
Reserve-based lending facility	764.0	-	-	764.0
Deferred consideration	25.0	-	-	25.0
Trade payables and other current liabilities	115.6	-	-	115.6
Total	1,260.2	48.9	166.8	1,476.0

On 31 December 2021 USD million	Financial assets at amortised cost	Assets at fair value through profit or loss	Fair value – hedging instruments	Total
Assets				
Derivative instruments price hedge	-	-	9.7	9.7
Trade receivables and other current assets	108.9	-	-	108.9
Restricted cash	205.5	-	-	205.5
Bank deposits, cash and cash equivalents	122.7	-	-	122.7
Total	437.0	-	9.7	446.8

USD million	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Fair value – hedging instruments	Total
Liabilities				
Derivative instruments price hedge	-	-	205.1	205.1
Embedded derivatives convertible bond NOR13	-	12.1	-	12.1
Convertible bond loans	157.1	-	-	157.1
Senior unsecured bond loan	164.9	-	-	164.9
Reserve-based lending facility	857.3	-	-	857.3
Deferred consideration	25.0	-	-	25.0
Trade payables and other current liabilities	130.5	-	-	130.5
Total	1,334.8	12.1	205.1	1,552.1



Notes continued

18 Financial instruments continued

18.3 Financial instruments — fair values

Set out below is a comparison of the carrying amounts and fair value of financial instruments as at 31 December 2022:

USD million	Total amount outstanding*	Carrying amount	Fair value
Financial assets			
Convertible loan CarbonCuts		0.2	0.2
Loan CarbonCuts		0.6	0.6
Derivative instruments interest swap		55.7	55.7
Derivative instruments price hedge		108.9	108.9
Trade receivables and other current assets		128.6	128.6
Restricted cash		203.7	203.7
Bank deposits, cash, cash equivalents and quoted shares		268.4	268.4
Total		766.1	766.1
Financial liabilities			
Derivative instruments price hedge		166.8	166.8
Embedded derivative convertible bond NOR13		10.0	10.0
Embedded derivative convertible bond NOR15		38.9	38.9
Convertible bond loans	221.5	188.7	211.5
Senior unsecured bond loan	175.0	166.9	175.0
Reserve-based lending facility	800.0	764.0	800.0
Deferred consideration		25.0	25.0
Trade payables and other current liabilities		115.6	115.6
Total	1,196.5	1,476.0	1,542.8

* Total amount outstanding on the bonds and under the RBL facility.

The NOR13 instrument has been determined to contain embedded derivatives which are accounted for separately as derivatives at fair value through profit or loss, while the loan element subsequent to initial recognition is measured at amortised cost. The embedded derivative is valued on an option valuation basis, the carrying value as of 31 December 2022 was USD 10.0 million due to the majority of the NOR13 instrument being converted into the new NOR15 instrument. On 13 January 2022, the majority of the remaining NOR13 convertible instrument was converted into equity, leaving only USD 0.2 million which will be subject to the NOR13 amendments as proposed by the company in November 2022.

The NOR15 instrument has been determined to contain embedded derivatives which are accounted for separately as derivatives at fair value through profit or loss, while the loan element subsequent to initial recognition is measured at amortised cost, a total of USD 4.4 million in transaction cost is included in the amortised cost. The embedded derivative is valued on an option valuation basis, the carrying value as of 31 December 2022 was USD 38.9 million. The assumptions in establishing the option value as of 31 December 2022 are shown below.

The following table list the inputs to the model used to calculate the fair value of the embedded derivatives:

NOR13	2022	
Valuation date	(date)	31 Dec 22
Agreement execution date	(date)	24 Jul 19
Par value of bonds	(USD)	13,810,094
Reference share price at time of agreement	(NOK)	232
Fair value at grant date	(USD)	53,942,754
PIK interest rate	(%)	8.00%
Expected life	(years)	0.9
Number of options	(#)	476,648
Conversion price	(NOK)	238
Fixed FX rate of agreement	(USD:NOK)	8.180
Risk-free rate (based on government bonds)	(%)	3.18%
Expected volatility	(%)	48.31%
Model used		Black-Scholes-Merton



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NOR15	2022
Valuation date	(date) 31 Dec 22
Agreement execution date	(date) 30 Dec 22
Par value of bonds	(USD) 207,641,201
Reference share price at time of agreement	(NOK) 395
Fair value at grant date	(USD) 38,928,552
PIK interest rate	(%) 8.00%
Expected life	(years) 3.0
Number of options	(#) 4,037,301
Conversion price	(NOK) 537
Fixed FX rate of agreement	(USD:NOK) 10.440
Risk-free rate (based on government bonds)	(%) 3.18%
Expected volatility	(%) 48.31%
Model used	Black-Scholes-Merton

The RBL facility is measured at amortised cost, in addition a total of USD 53 million in transaction cost has been capitalised. Transaction costs are deducted from the amount initially recognised and are expensed over the period during which the debt is outstanding under the effective interest method.

The senior unsecured bond loan is measured at amortised cost; a total of USD 7.6 million in transaction costs are deducted from the amount initially recognised.

18.4 Hedging

The Group actively seeks to reduce the risk it is exposed to regarding fluctuating commodity prices through the establishment of hedging arrangements. To the extent more than 100 percent of the projected production is hedged any value adjustments to the instruments covering in excess of 100 percent are considered ineffective and the value adjustment is treated as a financial item in the income statement. In 2022 no part of the hedging instruments was considered ineffective. Time value related to hedging arrangements is considered insignificant and generally the valuation of the instruments do not take into consideration the time value.

Currently, all the Company's commodity price hedging arrangements is executed solely in the market through forward contracts.

Under its RBL facility, Norwegian Energy Company ASA (BlueNord) has a rolling hedge requirement based on a minimum level of production corresponding to the RBL banking case forecast.

The Company has entered into a USD 1.0 billion swap transaction with a group of banks to fix the Company's floating interest rate exposure under its RBL facility from 1 November 2021 until 30 June 2024. Norwegian Energy Company ASA (BlueNord) will as a result pay interest on its RBL cash drawings equal to 0.4041 percent plus the applicable margin. Norwegian Energy Company ASA (BlueNord) applies hedge accounting to the Company's hedging arrangements. To the extent more than 100 percent of the Company's interest under its RBL facility is hedged any value adjustments to the instruments covering in excess of 100 percent are considered ineffective and the value adjustment is treated as a financial item in the income statement. The ineffective amount in 2022 charged to financial items in the income statement were an income of USD 10.2 million.

As at 31 December 2022	Maturity					
	Less than one month	One to three months	Three to six months	Six to nine months	Nine to 12 months	More than 12 months
Commodity forward sales contracts:						
Notional quantity (in mboe)	-	1,448	1,350	990	937	3,391
Notional amount (in USD million)	-	134	104	88	76	246
Average hedged sales price (in USD per boe)	-	92	77	89	81	72

Hedge reserve movement

The table below shows the movement in the hedge reserve from changes in the cash flow hedges.

USD million	Hedge reserve
Balance as of 1 January 2022	(67.5)
Realised cash flow hedge	242.2
Related tax – realised cash flow hedge	(155.0)
Changes in fair value	(57.9)
Related tax – changes in fair value	52.1
Balance as of 31 December 2022	13.9



Notes continued

19 Share capital

Norwegian Energy Company ASA (BlueNord) owns 137.162 of its own shares. All shares have equal rights. All shares are fully paid.

Changes in number of shares and share capital:

	No. of shares	Share capital*
Number of shares and share capital as of 1 January 2021	24,549,013	29.5
Number of shares and share capital as of 31 December 2021	24,549,013	29.5
Issue of shares	1,159,411	1.4
Capital reduction, approved and registered	–	(29.3)
Number of shares and share capital as of 31 December 2022	25,708,424	1.7
	No. of shares	Treasury share reserve*
Number of treasury shares and treasury share reserve as of 1 January 2021	(438,161)	(0.5)
Number of treasury shares and treasury share reserve as of 31 December 2021	(438,161)	(0.5)
Sale of treasury shares	300,999	0.3
Number of treasury shares and treasury share reserve as of 31 December 2022	(137,162)	(0.1)

* In USD million.

Changes in 2022

The Company received conversion notice from bondholders holding NOR13 Bonds for USD 33.6 million, which pursuant to the bond term are convertible into 1,159,411 new shares in the Company at a conversion price of USD 28.9734. Following such conversions the share capital is increased with NOK 11.6/USD 1.4 million.

The share capital is reduced with NOK 243.2/USD 29.3 million by reducing the nominal value of the shares. The reduction amount was transferred to share premium fund. The share capital reduction has been registered in the Norwegian Registry of Business Enterprises on 28 December 2022. Following the share capital reduction, the Company's share capital is NOK 13.9/USD 1.7 million divided on 25,708,424 shares, each with a nominal value of NOK 0.5398295.

The Company sold 300,999 of its own shares in relation to exercise of options held by former Director of the Board and former members of the Executive Team.



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Overview of shareholders at 28 March 2023:

Shareholder*	Shareholding	Ownership share	Voting share
Euroclear Bank S.A./N.V.	6,243,331	23.8%	23.8%
Goldman Sachs International	5,189,939	19.8%	19.8%
SOBERAS	1,850,000	7.1%	7.1%
Barclays Bank PLC	1,540,368	5.9%	5.9%
J.P.Morgan Securities LLC	1,435,010	5.5%	5.5%
Bank of America	774,408	3.0%	3.0%
J.P.Morgan Securities LLC	588,649	2.7%	2.7%
BNP Paribas	585,000	2.2%	2.2%
Sbakkejord AS	341,262	2.2%	2.2%
CLEARSTREAM BANKING S.A.	586,202	2.2%	2.2%
SOSYFR INVEST AS	268,368	1.6%	1.6%
Société Générale	425,000	1.3%	1.3%
Morgan Stanley & Co. Int. Plc.	300,225	1.2%	1.2%
FINSNES INVEST AS	318,000	1.1%	1.1%
VELDEHOLDING AS	222,222	1.0%	1.0%
Barclays Bank PLC	700,216	1.0%	1.0%
Goldman Sachs & Co. LLC	203,349	0.9%	0.9%
DNB BANK ASA	257,969	0.8%	0.8%
The Bank of New York Mellon SA/NV	228,149	0.8%	0.8%
OUSDAL AS	200,000	0.8%	0.8%
Total	22,257,667	85%	85%
Other owners (ownership <0,42%)	3,944,377	15.1%	15.1%
Total number of shares at 28 March 2023	26,202,044	100%	100%

*Nominee holder.

20 Post-employment benefits

Defined contribution plan

The Group has defined contribution plans for its employees. Pension costs related to the Company's defined contribution plan amounts to USD 513 thousand for 2022. For 2021, the corresponding costs were USD 558 thousand.

The Norwegian companies are obliged to have occupational pension in accordance with the Norwegian act related to mandatory occupational pension. All Norwegian companies meet the Norwegian requirements for mandatory occupational pension ("obligatorisk tjenestepensjon"). Correspondingly, the affiliates in Denmark and United Kingdom comply with the requirement for mandatory occupational pension by local legislation.

21 Asset retirement obligations

USD million	31.12.2022	31.12.2021
Balance on 01.01.	1,029.2	950.3
Provisions and change of estimates made during the year	(107.0)	64.9
Accretion expense	48.1	35.2
Incurred cost removal	(14.4)	(21.0)
Currency translation adjustment	(0.1)	(0.2)
Total provision made for asset retirement obligations	955.8	1,029.2
Break down of short-term and long-term asset retirement obligations		
Short-term	9.8	26.2
Long-term	946.1	1,003.0
Total provision for asset retirement obligations	955.8	1,029.2

Estimates are based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The obligations are measured at net present value, assuming an inflation rate of 2.0 percent (2021: 2.0 percent) and a nominal discount rate before tax of 5.5 percent (2021: 5 percent). The credit margin included in the discount rate is 2.5 percent.

Notes continued

21 Asset retirement obligations continued

The change in estimate during the year includes a decrease of USD 70 million as a result of the discount rate increasing by 0.5 percent. The asset retirement estimate from the operator includes both USD and DKK costs and as a result there is a further decrease of USD 39 million due to the weakening of DKK to USD. The net remaining change in estimate is due to more minor impacts on cost estimates, additional provision for Tyra II installations offset by a change in expected timing of costs being incurred. Most of the removal activities are expected to be executed many years into the future. This makes the ultimate asset retirement costs and timing highly uncertain. Costs and timing can be affected by changes in regulations, technology, estimated reserves, economic cut-off date etc. The provision at the reporting date represents management's best estimate of the present value of the future asset retirement costs required.

As part of the overall restructuring in 2015, an agreement was reached that entails that the partners took over Norwegian Energy Company ASA (BlueNord)'s share of the Nini/Cecilie licences, however Norwegian Energy Company ASA (BlueNord) remains liable for the asset retirement obligation towards the licence partners. The liability related to Nini/Cecilie is capped at the escrow amount, which is currently USD 61.1 million/ DKK 426.0 million.

The balance as per 31.12.2022 is USD 890.8 million for DUC, USD 61.1 million for Nini/Cecilie, USD 2.3 million for Lulita (non-DUC share) and USD 1.6 million for Tyra F-3 pipeline.

Sensitivity analysis

The table below shows how the asset retirement obligation would be affected by changes in the various assumptions, given that the remaining assumptions are constant.

Sensitivity	ARO (\$'mm)	Change in provision
Abandonment Cost Estimate increase +10%	979.2	10.0%
Abandonment Cost Estimate decrease -10%	807.0	-10.0%
Discount rate +1.0%	768.2	-14.0%
Discount rate -1.0%	1,042.7	17.0%
Inflation rate +1.0%	1,041.3	17.0%
Inflation rate -1.0%	767.1	-14.0%

22 Borrowings

22.1 Summary of borrowings

USD million	31.12.2022		31.12.2021	
	Principal amount	Book value	Principal amount	Book value
NOR13 Convertible Bond	13.8	13.1	185.0	157.1
NOR15 Convertible Bond ²⁾	207.6	175.7	–	–
NOR14 Senior Unsecured Bond ³⁾	175.0	166.9	175.0	164.9
Total non-current bonds	396.5	355.6	360.0	322.1
Reserve-based lending facility ³⁾	800.0	764.0	900.0	857.3
Deferred Consideration ⁴⁾	–	–	25.0	25.0
Total non-current debt	800.0	764.0	925.0	882.3
Deferred Consideration ⁴⁾	25.0	25.0	–	–
Total current debt	25.0	25.0	–	–
Total borrowings	1,221.5	1,144.6	1,285.0	1,204.3

Movements in interest-bearing liabilities	31.12.21	Cash flows		Non-cash changes		31.12.22
		Receipts/ payments	Conversion to shares	Conversion NOR16	PIK ¹⁾ Amortisation	
NOR13 Convertible Bond	157.1	–	(29.6)	(143.3)	28.8	13.1
NOR15 Convertible Bond	–	(4.4)	–	168.7	11.4	175.7
NOR14 Senior Unsecured Bond	164.9	(15.8)	–	–	17.7	166.9
Reserve-based lending facility	857.3	(100.0)	–	–	6.7	764.0
Deferred Consideration	25.0	–	–	–	–	25.0
Total movement non-current interest-bearing liabilities	1,204.3	(120.2)	(29.6)	25.5	64.7	1,144.6
Total movement in interest-bearing liabilities	1,204.3	(120.2)	(29.6)	25.5	64.7	1,144.6

¹⁾ PIK = Payment In Kind.



Note: Book values reported on the basis of amortised cost for NOR14, the reserve-based lending facility and the convertible bond loan element of NOR13 and NOR15.

- 1) The Company issued a convertible bond loan of USD 158 million in 2019 where the lender was granted a right to convert the loan into new shares in the Company by way of set-off against the claim on the Company. The loan carries an interest of 8 percent p.a. on a PIK basis, with an alternative option to pay cash interest at 6 percent p.a., payable semi-annually. In 2022, four conversions with a carrying amount of USD 36.6 million took place and USD 29.6 million of amortised cost was derecognised from the financial liability to equity. In December 2022, USD 14.3 million was transferred into the new convertible instrument NOR15. The principal amount transferred was USD 151.4 million. Of the remaining USD 13.8 million outstanding on 31 December 2022, USD 13.6 million was converted into equity by 13 January. The remaining balance of USD 0.2 million was subject to the NOR13 amendments as proposed by the Company in November 2022 on 19 January 2023.
- 2) The Company issued a convertible bond loan of USD 207.6 million in December 2022, made up of a transfer from NOR13 of USD 151.4 million plus additional compensation bonds of USD 56.2 million. Similarly, to NOR13, the lender was granted a right to convert the loan into new shares in the Company by way of set-off against the claim on the Company. The loan carries an interest of 8 percent p.a. on a PIK basis, with an alternative option to pay cash interest at 6 percent p.a., payable semi-annually.
- 3) The Company entered into an increased reserve-based lending facility in Q2 2021. The facility has a seven-year tenor with a maximum limit of USD 1.1 billion, with a maximum of USD 1.0 billion available for cash drawdown by the Company. Interest is accrued on the drawn amount with an interest rate comprising the aggregate of SOFR and 4 percent per annum, 4.5 percent per annum from February 2023. The amount drawn on 30 September was USD 800 million, Norwegian Energy Company ASA (BlueNord) made a USD 100 million repayment in July 2022.
- 4) In accordance with the Sales Purchase Agreement USD 25 million of the consideration is due the earliest of March 2023 or finalising Tyra Redevelopment.

22.2 Details on borrowing

Details on borrowings outstanding on 31 December 2022

Reserve-based lending facility

In April 2021, Norwegian Energy Company ASA (BlueNord) amended its existing senior secured reserve-based credit facility to commit to a seven-year senior reserve-based credit facility of USD 1.1 billion. The facility is a reserve-based credit facility secured against certain cash flows generated by the Group. The amount available under the facility is recalculated every six months based upon the calculated cash flow generated by certain producing fields and fields under development at an oil price and economic assumptions agreed with the banking syndicate providing the facility. The facility is secured by a pledge over the shares of certain Group companies, a pledge over the Company's working interest in its share of the DUC licence and security over insurances, hedging contracts, project accounts, intercompany loans and material contracts. The pledged assets on 31 December 2022 amounted to USD 1,323 million and represented the carrying value of the pledge of the Group companies whose shares are pledged as described in the section 5 below (Assets pledged as security for interest-bearing debt).

Pledge value: carrying value of shares held in Allinex AS, Noreco Denmark A/S, Noreco Oil Denmark A/S, Noreco Petroleum Denmark A/S by Norwegian Energy Company ASA (BlueNord).

NOR13

In July 2019, Norwegian Energy Company ASA (BlueNord) issued a subordinated convertible bond loan of USD 158 million with a tenor of eight years where the lender was granted a right to convert the loan into new shares in the Company at a conversion price of NOK 240 (USD 29.3) per share by way of set-off against the claim on the Company. The loan has a mandatory conversion to equity after five years and carries an interest of 8 percent p.a. on a PIK basis, with an alternative option to pay cash interest at 6 percent p.a., payable semi-annually. Should the instrument be in place beyond the five-year conversion period, the interest rate on NOR13 will be reduced to 0.0 percent for the remaining term of the loan.

In November 2022, Norwegian Energy Company ASA (BlueNord) proposed for some amendments to the NOR13 bond which included a two-year delay in the mandatory conversion date (8 November 2023 to 31 December 2025) and an inclusion of a call option to allow the Company to redeem the NOR13 bond with cash in December 2025. To reflect the premium of the then share price relative to the NOR13 previous conversion price, the principal amount was updated from approximately USD 165 million to approximately USD 227 million by way of issuance of compensation bonds. Conversion price was reset to USD 51.4307 per share and interest rate remains unchanged.

Following the proposed amendments, a claim arose from two minority NOR13 bondholders in which Norwegian Energy Company ASA (BlueNord) received a temporary injunction from the Oslo District Court that restricted the NOR13 amendments from being implemented (the "Ruling"). To allow the NOR13 bondholders who wanted to benefit from the commercial position represented by the amendments, Norwegian Energy Company ASA (BlueNord) proposed a new NOR15 subordinated convertible bond for the bondholders to exchange their holdings of NOR13 for NOR15 (see note below).

In December 2022, the Oslo District Court confirmed that the temporary injunction was withdrawn, and the Ruling is no longer in effect. The exchange offer for NOR15 continued as planned, with 91.6 percent of the outstanding NOR13 bonds exchanged to the new NOR15 bonds, and the remainder converted to equity or remained subject to the NOR13 amendments. The value of the NOR13 convertible bond at year end is USD 13.8 million of which USD 13.6 million converted in January 2023.

NOR14

In December 2019, Norwegian Energy Company ASA (BlueNord) successfully completed the issue of a USD 175 million unsecured bond. The proceeds are utilised for general corporate purposes and the bond carries an interest of 9 percent p.a., payable semi-annually, with a six and a half-year tenor.



Notes continued

22 Borrowings continued

NOR15

In December 2022, Norwegian Energy Company ASA (BlueNord) launched an exchange offer for the NOR13 bondholders in exchange for a new subordinated convertible bond of USD 208 million, with revised terms and a later and more flexible conversion date in 2025. The Company issued a total of 207,641,201 new NOR15 bonds, each with a nominal value of USD 1. The NOR15 bond terms mirror the amendments of the NOR13 bond except that inter alia a tap issue mechanism has been included. Interest payments are on similar terms with NOR13, which is an interest of 8 percent p.a. on a PIK basis, with an alternative option to pay cash interest at six percent p.a., payable semi-annually.

22.3 Covenants

Covenants relating to interest-bearing debt

Reserve-based lending facility

The reserve-based credit facility constitutes senior debt of the Company and is secured on a first priority basis against certain of the Company's subsidiaries and their assets. The reserve-based credit facility agreement contains a financial covenant that the ratio of Net Debt to EBITDAX (earnings before interest, tax, depreciation, amortisation and exploration) shall be: less than 6.0:1.0 at the end of financial years 2021 and 2022; less than 3.5:1.0 at the end of financial year 2023; and less than 3.0:1.0 at the end of financial year 2024 onwards until the expiry of the facility. Each test is carried out on the audited full year financial statements of Norwegian Energy Company ASA (BlueNord). Norwegian Energy Company ASA (BlueNord) must also demonstrate minimum liquidity on a look forward basis of USD 50 million during the relevant period, which is currently to the completion of the Tyra redevelopment project. The agreement also includes special covenants which, among other, restrict the Company from taking on additional secured debt, provide parameters for minimum and maximum hedging requirements and restrict declaration of dividends or other distributions. Norwegian Energy Company ASA (BlueNord) is in compliance with these covenants at the end of 2022.

NOR14

In July 2021, Norwegian Energy Company ASA (BlueNord)'s written resolution regarding the addition of further headroom under the Leverage Ratio covenant through to the end of 2023 was resolved and approved by the Company's NOR14 bondholders. Based on this written resolution, the maximum Leverage Ratio has been amended to 7.0x (from 5.0x) during the Tyra Redevelopment Period ending Q2 2023, 6.0x (from 3.0x) during Q3 2023 and 5.0x (from 3.0x) during Q4 2023. From Q1 2024 onwards, the maximum Leverage Ratio will revert to 3.0x per the original bond terms. In addition to the change in maximum permitted leverage, Norwegian Energy Company ASA (BlueNord)'s minimum liquidity threshold has increased to USD 75 million until the end of 2023 (from USD 50 million until end Q2 2023 and USD 25 million during Q3 and Q4 2023). Norwegian Energy Company ASA (BlueNord) is in compliance with the covenants at the end of 2022.

22.4 Payment structure

Payment structure (USD million)

Year	NOR13	NOR14	NOR15	Reserve-based lending facility	Deferred consideration	Total
2023	–	–	–	–	25.0	25.0
2024	–	–	–	75.0	–	75.0
2025	–	–	–	275.0	–	275.0
2026	–	175.0	–	275.0	–	450.0
2027	–	–	–	138.0	–	138.0
2028	–	–	–	38.0	–	38.0
Total	–	175.0	–	800.0	25.0	1,000.0

Interest payments (USD million):

Year	NOR13*	NOR14	NOR15*	Reserve-based lending facility	Deferred consideration	Total
Interest rate		9.0%	–	SOFR**	4.0%	
2023	–	15.8	–	76.7	1.0	93.7
2024	–	15.8	–	75.8	–	91.6
2025	–	15.8	–	58.7	–	74.5
2026	–	7.9	–	33.4	–	41.3
2027	–	–	–	8.9	–	8.9
2028	–	–	–	0.3	–	0.3
Total	–	55.3	–	253.9	1.0	310.2

* NOR13/NOR15 carries a variable interest charge of: (i) 6 percent per annum in cash, payable semi-annually, or; (ii) 8 percent per annum PIK cumulative interest, rolled up semi-annually, to add to NOR13/NOR15 capital on conversion at expiry of the bond. Currently, the Company has elected the PIK interest of 8 percent and is therefore forecasting no cash interest payments on NOR13/NOR15 in the above table.

** In Q3 2021, the Company entered a USD 1.0 billion swap transaction with a group of banks to fix the Company's floating interest rate (LIBOR/SOFR from 1 November 2021) exposure under its Reserve Lending Facility from November 2021 until 30 June 2024. Norwegian Energy Company ASA (BlueNord) will, as a result, pay interest on its RBL cash drawings equal to 0.4041 percent plus the applicable margin.



Financial Statements

22.5 Assets pledged as security for interest-bearing debt

Net book value in the separate financial statements of assets pledged as securities

The Group has the following pledged assets for the reserve-based lending facility:

USD million	2022	2021
BlueNord shares in Altinex AS	393.5	392.6
Altinex AS shares in Noreco Olje-og Gasutvinding Danmark B.V and other companies	621.5	1,371.5
Loans from Parent to subsidiaries	308.3	300.1
Total net book value	1,323.3	2,064.3

23 Trade payables and other payables

USD million	2022	2021
Trade payable	17.0	5.4
Liabilities to operators relating to joint venture licences	66.8	73.4
Accrued interest	3.3	2.5
Salary accruals	2.5	2.1
Public duties payable	8.3	14.0
Deferred consideration	25.0	–
Other current liabilities	17.7	33.1
Total trade payables and other current liabilities	140.6	130.5

Trade and other payables held in currency

USD million	2022	2021
USD	54.7	82.9
DKK	71.2	22.5
EUR	11.3	21.7
GBP	0.8	1.9
NOK	2.6	1.4
Total	140.6	130.5

24 Share-based compensation

Please see the Executive Remuneration Report 2022 for more details on long-term incentive scheme to key management and Board of Directors in the period 2018 – 2022.

Number of	Share options	Retention shares	Performance shares
Total share options outstanding as at 1 January 2021	983,868	–	–
Share options relinquished in 2021	(235,000)	–	–
Outstanding at 31 December 2021	748,868	–	–
Granted in 2022	122,000	112,825	188,935
Exercised in 2022	(301,000)	–	–
Translated in 2022	(178,000)	–	–
Outstanding at 31 December 2022	391,868	112,825	188,935

The expense recognised during the year is shown in the following table:

USD million	2022	2021
Expense arising from equity-settled share-based payment transactions	0.0	0.3
Expense arising from Retention shares and Performance shares	1.4	–
Total expense arising from long-term incentive schemes	1.4	0.3

Notes continued

24 Share-based compensation continued

The following table list the inputs to the model used:

Weighted averages	2022
Fair value of options at valuation date (NOK)	83
Share price at valuation date (NOK)	143
Exercise price (NOK)	160
Expected volatility	57.49%
Expected life (years)	2.7
Expected dividends	n/a
Risk-free rate (based on government bonds)	0.35%

25 Guarantees

Overview of issued guarantees on 31 December 2022

The parent company of the Group, Norwegian Energy Company ASA (BlueNord) has issued a parent company guarantee on behalf of its subsidiary Norwegian Energy Company UK Ltd and Noreco Oil (UK) Limited. Norwegian Energy Company ASA (BlueNord) guarantees that, if any amounts become payable by Norwegian Energy Company UK Ltd or by Noreco Oil (UK) Limited to the UK Secretary of State under the terms of the licence and the company does not repay those amounts on first demand, Norwegian Energy Company ASA (BlueNord) shall pay to the UK Secretary of State on demand an amount equal to all such amounts. Under the forfeiture agreement Premier assumes this risk as between Premier and Norwegian Energy Company ASA (BlueNord) so, while this contingent liability to the Secretary of State would need to be recognised in any future sale of the company, Noreco Oil (UK) Limited does have recourse against Premier if it defaults in its performance.

On 6 December 2007, Norwegian Energy Company ASA (BlueNord) issued a parent company guarantee to the Danish Ministry of Climate, Energy and Building on behalf of its subsidiary Noreco Oil Denmark A/S and Noreco Petroleum Denmark A/S.

On 31 December 2012, Norwegian Energy Company ASA (BlueNord) issued a parent company guarantee on behalf of its subsidiary Noreco Norway AS. Norwegian Energy Company ASA (BlueNord) guarantees that, if any amounts become payable by Noreco Norway AS to the Norwegian Secretary of State under the terms of the licences and the company does not repay those amounts on first demand, Norwegian Energy Company ASA (BlueNord) shall pay to the Norwegian Secretary of State on demand an amount equal to all such amounts. Noreco Norway AS was liquidated in 2018, however as per 31.12.2022, the guarantee has not been withdrawn.

The Company has provided a parent company guarantee to the Danish Ministry of Climate, Energy and Utilities related to the Group's activities on the DCS, including Norwegian Energy Company ASA (BlueNord)'s participation in the Tyra West Pipeline and the Lulita licence. The Company has also provided a parent company guarantee towards the lenders in relation to the Company's USD 1.1 billion reserve-based lending facility and customary obligations/guarantees under joint operating agreements. Norwegian Energy Company ASA (BlueNord) has also provided a parent company guarantee to Shell Energy Europe Limited in relation to its subsidiary Noreco Oil Denmark A/S's obligations under a gas offtake and transportation agreement capped at EUR 30 million.

Furthermore, the Company has provided a parent company guarantee to TotalEnergies EP Danmark A/S for its obligations under the JOA together with a guarantee from Shell. Norwegian Energy Company ASA (BlueNord) has provided standby letters of credit of USD 100 million, issued under the USD 100 million sub-limit of the RBL facility for the benefit of Shell in connection with this guarantee.

In relation to Norwegian Energy Company ASA (BlueNord)'s historic operations in the UK North Sea, the Company has issued a parent company guarantee on behalf of its subsidiaries Norwegian Energy Company UK Ltd and BlueNord Oil (UK) Limited.

26 Investments in jointly owned assets

Investments in jointly own assets are included in the accounts by recognising the Groups share of the assets, liabilities, revenues and expenses related to the joint operation.

The Group holds the following licence equities on 31 December 2022:

Licence	Field	Country	Ownership share
DUC	DUC	Denmark	36.8%
1/90	Lulita Part	Denmark	20.0%
7/86	Lulita Part	Denmark	20.0%
8/06B	–	Denmark	36.8%



27 Contingencies and commitments

Financial commitments

As a partner in DUC, the Company has commitment to fund its proportional share of the budget and work programmes of the DUC. In December each year, the operating budget (which includes operating expenditures, capital expenditure related to production, exploration and abandonment) for the following year, is agreed amongst the DUC partners. For the coming four years, the average operating budget is expected to be around USD 230 million per year. Capital and abandonment expenditure for individual projects, such as Tyra, are approved separately.

Norwegian Energy Company ASA (BlueNord)'s capital commitments are principally related to the ongoing Tyra redevelopment project. The gross capital and abandonment expenditure budget for the Tyra redevelopment project at the time of the investment decision was DKK 21 billion which in 2022 was increased to DKK 26.3 billion and DKK 20.6 billion had been incurred by the end of 2022. Based on the current project schedule, Norwegian Energy Company ASA (BlueNord) will be required to fund its proportional share of this remaining expenditure over the next two years with Tyra to restart production by end of 2023. Further, Norwegian Energy Company ASA (BlueNord) has capital commitments to infill wells planned for Halfdan in 2023 with a gross DUC budget of DKK 0.6 billion.

The DUC is obliged to use the specially constructed oil trunk line, pumps and terminal facilities and to contribute to the construction and financing costs thereof as a result of an agreement entered into with the Danish government. This obligation is approximately USD 18 million per year (2022: USD 16 million gross).

In addition to the above and in order to obtain the consent of TotalEnergies EP Danmark A/S to the acquisition, Noreco Oil Denmark A/S agreed to deposit cash in a secured cash call security account in favour of Total E&P Danmark A/S (the concessionaire in respect of the Sole Concession). On 31 December 2022, the escrow account was USD 143 million. All payment obligations from Norwegian Energy Company ASA (BlueNord) to the cash call security account have been made and there will be no further increase. The cash call security amount will then decrease to USD 100 million at the end of the year in which the Tyra redevelopment project is completed and can, on certain terms and conditions, be replaced with a letter of credit or other type of security.

Contingent liabilities

In relation to the Nini and Cecilie fields, Norwegian Energy Company ASA (BlueNord) was in 2015 prevented from making payments for its share of production costs and was consequently in breach of the licence agreements. In accordance with the JOAs, the Nini and Cecilie licences were forfeited and the licences were taken over by the partners, whereas the debt remained with Norwegian Energy Company ASA (BlueNord). Norwegian Energy Company ASA (BlueNord) and representatives from the bondholders reached an agreement during 2015 which entails that the Danish Norwegian Energy Company ASA (BlueNord) entity remains liable for the abandonment obligation, but the liability is in any and all circumstances limited to a maximum amount equal to the restricted cash account of USD 61 million (DKK 427 million), adjusted for interest. The total provision made for the asset retirement obligations reflects this.

The Company has received a claim regarding the level of Ørsted pipeline tariffs charged since 2013. As the relevant authority (Forsyningstilsynet) is currently reassessing their view, Norwegian Energy Company ASA (BlueNord) believes that there is no basis for this claim prior to a new ruling setting the appropriate level of these tariffs. Given the outcome of this and any consequent liability is not yet known, the Company has not recognised a provision for this claim.

During the normal course of its business, the Company may be involved in disputes, including tax disputes. The Company has not made accruals for possible liabilities related to litigation and claims based on management's best judgement.

Norwegian Energy Company ASA (BlueNord) has unlimited liability for damage in relation to its participation in the DUC. The Company has insured its pro rata liability in line with standard market practice.

Apart from the issues discussed above, the Group is not involved in claims from public authorities, legal claims or arbitrations that could have a significant negative impact on the Company's financial position or results.

28 Related party transactions

Other than fees to directors of the board the group did not have any transactions with related parties during 2022.

29 Subsequent events

There are no events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report. The Company monitors the Russia-Ukraine war closely and has not identified any negative impact on the Company's assets or income.



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Financial Statements

Income Statement for Norwegian Energy Company ASA (BlueNord) Parent Company For the year ended 31 December

USD million	Note	2022	2021
Revenue	2,14	2.6	2.0
Total revenues		2.6	2.0
Personnel expenses	10,14	(4.4)	(3.7)
Other operating expenses	13,14	(4.1)	(3.2)
Total operating expenses		(8.5)	(6.9)
Operating result before depreciation and write-downs (EBITDA)		(5.9)	(4.9)
Depreciation		(0.0)	(0.0)
Net operating result (EBIT)		(6.0)	(5.0)
Interests received from Group companies		25.1	16.3
Interest income		0.2	0.0
Foreign exchange gains		0.1	0.1
Total financial income		25.4	16.4
Extinguishment of bond loans	5	(57.5)	–
Interest expense from bond loans		(32.8)	(32.5)
Interest expenses current liabilities		(0.0)	(0.0)
Interest expenses to Group companies		–	(0.1)
Foreign exchange losses		(11.5)	(7.7)
Impairment of financial assets	11	(2.7)	(0.6)
Other financial expenses		2.5	(0.4)
Total financial expenses		(101.9)	(41.3)
Net financial items		(76.5)	(24.8)
Result before tax (EBT)		(82.5)	(29.8)
Tax	12	–	–
Net result for the year		(82.5)	(29.8)
Appropriation:			
Allocated to/(from) other equity		(82.5)	(29.8)
Total appropriation		(82.5)	(29.8)



Balance Sheet for Norwegian Energy Company ASA (BlueNord) Parent Company For the year ended 31 December

USD million	Note	31.12.22	31.12.21
ASSETS			
Non-current assets			
Financial non-current assets			
Investment in subsidiaries	3	393.5	392.6
Loan to Group companies	11	311.0	300.1
Restricted cash	4	61.1	65.0
Machinery and equipment		0.1	0.1
Other non-current assets		0.0	0.0
Total non-current assets		765.7	757.9
Current assets			
Receivables			
Trade receivables		0.0	0.0
Other current receivables		0.7	0.2
Total current receivables		0.7	0.2
Financial current assets			
Restricted cash		0.1	0.1
Bank deposits, cash and cash equivalents		6.0	17.9
Total financial current assets		6.1	18.0
Total current assets		6.9	18.2
Total assets		772.5	776.1
EQUITY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital		1.7	29.5
Share premium fund		768.4	707.0
Treasury share reserve		(0.1)	(0.5)
Total paid-in capital		769.9	736.0
Retained earnings			
Other equity		(390.7)	(315.3)
Total retained earnings		(390.7)	(315.3)
Total equity	7.8	379.2	420.7
Non-current liabilities			
Convertible bond loans	5	223.2	189.3
Bond loan	5	166.9	164.9
Total non-current liabilities		390.1	354.2
Current liabilities			
Trade payables		1.6	0.2
Other current liabilities		1.7	1.0
Total current liabilities		3.3	1.2
Total liabilities		393.3	355.4
Total equity and liabilities		772.5	776.1

Oslo

28 March 2023

Riulf Rustad
Executive Chair

Tone Kristin Omsted
Board member

Marianne Lie
Board member

Colette Cohen
Board member

Robert J. McGuire
Board member

Jan Lernout
Board member

Peter Coleman
Board member

Euan Shirlaw
Chief Executive Officer



Financial Statements

Cash Flow for Norwegian Energy Company ASA (BlueNord) Parent Company For the year ended 31 December

USD million	Note	2022	2021
Net result for the period		(82.5)	(29.8)
Adjustments for:			
Depreciation		0.0	0.0
Write-down	11	2.7	0.6
Share-based payments expenses	7	0.5	0.3
Net financial cost/(income)		73.9	24.2
Changes in:			
Trade receivable		(0.1)	0.0
Trade payables		1.8	(0.1)
Prepayments		(0.2)	–
Other current balance sheet items		(0.0)	(6.0)
Net cash flow from operations		(3.8)	(10.7)
Cash flows from investing activities			
Loans to Group companies		7.6	(132.7)
Investment in furniture, equipment and machinery		(0.0)	(0.0)
Net cash flow from investing activities		7.6	(132.7)
Cash flows from financing activities			
Sale of shares	7	5.4	–
Interest and financing costs		(20.2)	(21.1)
Other financial items		(0.8)	(0.4)
Net cash flow from (used) in financing activities		(15.6)	(21.5)
Net change in cash and cash equivalents		(11.9)	(164.9)
Cash and cash equivalents at the beginning of the period		17.9	182.8
Cash and cash equivalents at end of the year		6.0	17.9



Notes

1 Accounting principles

Norwegian Energy Company ASA (BlueNord) is a public limited liability company registered in Norway, with headquarters in Oslo (Nedre Vollgate 1, 0158 Oslo).

The annual accounts for Norwegian Energy Company ASA ("BlueNord" or the "Company") have been prepared in compliance with the Norwegian Accounting Act ("Accounting Act") and accounting principles generally accepted in Norway ("NGAAP") as of 31 December 2022.

The Company is listed on the Oslo Stock Exchange under the ticker "NOR". The financial statements for 2022 were approved by the Board of Directors on 28 March 2023.

Going concern

The Board of Directors confirm that the financial statements have been prepared under the presumption of going concern, and that this is the basis for the preparation of these financial statements. The financial solidity and the Company's working capital and cash position are considered satisfactory in regards of the planned activity level for the next 12 months.

Basis of preparation

The financial statements are prepared on the historical cost basis. The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the Company's accounting principles also require management to apply judgement. Areas, which to a great extent contain such judgements, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Revenues

Income from sale of services is recognised at fair value of the consideration, net after deduction of VAT. Services are recognised in proportion to the work performed.

Classification of balance sheet items

Assets intended for long-term ownership or use have been classified as fixed assets. Receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on non-current liabilities and non-current receivables are classified as current liabilities and assets. For interest-bearing debt where the Company is required to be in compliance with financial covenants, the loans are classified as current liabilities if Norwegian Energy Company ASA (BlueNord) is in breach with the covenants to that extent that the loan would be payable on the demand of the creditor. If a waiver is agreed with the creditor prior to approval of these financial statements, the classification is carried forward in accordance with the payment schedule of the initial borrowing agreement.

Investments in subsidiaries

For investments in subsidiaries, the cost method is applied. The cost price is increased when funds are added through capital increases or when Group contributions are made to subsidiaries. Dividends received are initially taken as income. Dividends exceeding the portion of retained profit after the acquisition are reflected as a reduction to book value.

Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of non-current assets at which independent cash flows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost of disposal and the recoverable amount.

Previous impairment charges are reversed in later periods if the conditions causing the write-down are no longer present.



Foreign currencies

The functional currency and the presentation currency of the company is US dollars (USD).

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as other financial income and other financial expenses.

Bonds and other debt to financial institutions

Interest-bearing loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequently, loans and borrowings are measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised either in interest income and other financial items or in interest and other finance expenses within net financial items. Financial liabilities are presented as current if the liabilities are due to be settled within 12 months after the balance sheet date, or if they are held for the purpose of being traded.

Other liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Taxes

The tax in the income statement includes payable taxes for the period, refundable tax and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry forward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset. Deferred tax and tax benefits which may be shown in the balance sheet are presented net. Net deferred tax assets are not recognised due to uncertainty about future taxable profits.

Tax reduction on Group contributions given and tax on Group contribution received, recorded as a reduction of cost price or taken directly to equity, are recorded directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Deferred tax is reflected at nominal value.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other current investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Share-based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options and shares granted:

Fair value:

- including any market performance conditions; and
- excludes the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in assumptions about the number of options and shares that are expected to vest. The total expense is recognised over the vesting period (which is the period over which all of the specified vesting conditions are to be satisfied). At the end of each reporting period, the Group revises its estimates of the number of options and shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. The social security contributions payable in connection with the grant of the share options and shares are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.



Notes continued

2 Revenue

USD million	2022	2021
Management fee subsidiaries	2.6	2.0
Total revenue	2.6	2.0

3 Investments in subsidiaries

Investments in subsidiaries are booked according to the cost method.

USD million Subsidiaries	Location	Ownership/ voting right	Equity 31 December	Net loss	Book value
Altinex AS	Oslo	100%	221.5	(2.5)	393.5
Norwegian Energy Company UK Ltd	Great Britain	100%	(1.1)	(0.3)	–
Djerv Energi AS	Oslo	100%	0.0	(0.0)	–
Book value 31.12.22					393.5

The impairment test as of 31 December 2022 justifies the overall value of Altinex and its subsidiaries.

4 Restricted bank deposits

USD million	2022	2021
Restricted cash pledged as security for abandonment obligation related to Nini/Cecilie ¹⁾	61.1	65.0
Other restricted cash and bank deposits	0.1	0.1
Total restricted bank deposits	61.2	65.1

1) In connection to the asset retirement obligation of USD 61.1 million (DKK 432 million) in the group company Noreco Oil Denmark.

5 Borrowings

5.1 Summary of borrowings

USD million Non-current debt	2022	2021
NOR13 Convertible Bond	14.2	189.3
NOR15 Convertible Bond	209.0	–
NOR14 Senior Unsecured Bond	166.9	164.9
Total non-current debt	390.1	354.2
Total borrowings	390.1	354.2

Details on borrowings outstanding on 31 December 2022

NOR13

In July 2019, Norwegian Energy Company ASA (BlueNord) issued a subordinated convertible bond loan of USD 158 million with a tenor of eight years where the lender was granted a right to convert the loan into new shares in the Company at a conversion price of NOK 240 (USD 29.3) per share by way of set-off against the claim on the Company. The loan has a mandatory conversion to equity after five years and carries an interest of 8 percent p.a. on a PIK basis, with an alternative option to pay cash interest at 6 percent p.a., payable semi-annually. Should the instrument be in place beyond the five-year conversion period, the interest rate on NOR13 will be reduced to 0.0 percent for the remaining term of the loan.

In November 2022, Norwegian Energy Company ASA (BlueNord) proposed some amendments to the NOR13 bond, which included a two-year delay in the mandatory conversion date (8 November 2023 to 31 December 2025) and an inclusion of a call option to allow the Company to redeem the NOR13 bond with cash in December 2025. To reflect the premium of the then share price relative to the NOR13 previous conversion price, the principal amount was updated from approximately USD 165 million to approximately USD 227 million by way of issuance of compensation bonds. Conversion price was reset to USD 51.4307 per share and interest rate remained unchanged.

Following the proposed amendments, a claim arose from two minority NOR13 bondholders in which Norwegian Energy Company ASA (BlueNord) received a temporary injunction from the Oslo District Court that restricted the NOR13 amendments from being implemented (the "Ruling"). To allow the NOR13 bondholders who want to benefit from the commercial position represented by the amendments, Norwegian Energy Company ASA (BlueNord) proposed a new NOR15 subordinated convertible bond for the bondholders to exchange their holdings of NOR13 for NOR15 (see note below).



In December 2022, the Oslo District Court confirmed that the temporary injunction was withdrawn, and the Ruling is no longer in effect. The exchange offer for NOR15 continued as planned, with 91.6 percent of the outstanding NOR13 bonds exchanged to the new NOR15 bonds, and the remainder converted to equity or remained subject to the NOR13 amendments. The value of the NOR13 convertible bond at year end is USD 13.8 million plus USD 0.4 million accrued interest. The extinguishment of the bond resulted in a financial cost of USD 63.1 million.

NOR14

In December 2019, the Company issued a senior unsecured bond of USD 175 million. The proceeds are utilised for general corporate purposes and the bond carries an interest of 9.0 percent p.a., payable semi-annually, with a six-and-a-half-year tenor.

NOR15

In December 2022, Norwegian Energy Company ASA (BlueNord) launched an exchange offer for the NOR13 bondholders to exchange for a new subordinated convertible bond of USD 208 million, with revised terms and a later and more flexible conversion date in 2025. The Company issued a total of 207,641,201 new NOR15 bonds, each with a nominal value of USD 1. The NOR15 bond terms mirror the amendments of the NOR13 bond except that inter alia a tap issue mechanism has been included. Interest payments are on similar terms with NOR13, which is an interest of 8 percent p.a. on a PIK basis, with an alternative option to pay cash interest at 6 percent p.a., payable semi-annually.

5.2 Covenants

Reserve-based lending facility

The reserve-based credit facility constitutes senior debt of the Company and is secured on a first priority basis against certain of the Company's subsidiaries and their assets. The reserve-based credit facility agreement contains a financial covenant that the ratio of Net Debt to EBITDAX (earnings before interest, tax, depreciation, amortisation and exploration) shall be: less than 6.0:1.0 at the end of financial years 2021 and 2022; less than 3.5:1.0 at the end of financial year 2023; and less than 3.0:1.0 at the end of financial year 2024 onwards until the expiry of the facility. Each test is carried out on the audited full year financial statements of Norwegian Energy Company ASA (BlueNord). Norwegian Energy Company ASA (BlueNord) must also demonstrate minimum liquidity on a look forward basis of USD 50 million during the relevant period, which is currently to the completion of the Tyra redevelopment project. The agreement also includes special covenants which, among other, restrict the Company from taking on additional secured debt, provide parameters for minimum and maximum hedging requirements and restrict declaration of dividends or other distributions. Norwegian Energy Company ASA (BlueNord) is in compliance with these covenants at the end of 2022.

NOR14

In July 2021, Norwegian Energy Company ASA (BlueNord)'s written resolution regarding the addition of further headroom under the Leverage Ratio covenant through to the end of 2023 was resolved and approved by the Company's NOR14 bondholders. Based on this written resolution, the maximum Leverage Ratio has been amended to 7.0x (from 5.0x) during the Tyra Redevelopment Period ending Q2 2023, 6.0x (from 3.0x) during Q3 2023 and 5.0x (from 3.0x) during Q4 2023. From Q1 2024 onwards, the maximum Leverage Ratio will revert to 3.0x per the original bond terms. In addition to the change in maximum permitted leverage, Norwegian Energy Company ASA (BlueNord)'s minimum liquidity threshold has increased to USD 75 million until the end of 2023 (from USD 50 million until end Q2 2023 and USD 25 million during Q3 and Q4 2023). Norwegian Energy Company ASA (BlueNord) is in compliance with the covenants at the end of 2022.

5.3 Payment structure

Principal			NOR14	Total
2026			175.0	175.0
Total			175.0	175.0
Interest	NOR13 ¹⁾	NOR15 ¹⁾	NOR14	Total
Interest rate	–	–	9.00%	
2023	–	–	15.8	15.8
2024	–	–	15.8	15.8
2025	–	–	15.8	15.8
2026	–	–	7.9	7.9
Total	–	–	55.3	55.3

1) NOR13/NOR15 carries a variable interest charge of: (i) 6 percent per annum in cash, payable semi-annually, or; (ii) 8 percent per annum PIK cumulative interest, rolled up semi-annually, to add to NOR13 capital on conversion at expiry of the bond. Currently, the Company has elected the PIK interest of 8 percent and is therefore forecasting no cash interest payments on NOR13 in the above table.

5.4 Pledged assets

Pledged assets relate to the carrying value of the pledged shares under the reserve-based lending facility entered into by the wholly owned subsidiary Altinex AS, please see note 22 in the Consolidated Financial Statements.

Notes continued

6 Guarantees

Overview of issued guarantees on 31 December 2022.

The parent company of the Group, Norwegian Energy Company ASA (BlueNord), has issued a parent company guarantee on behalf of its subsidiary Norwegian Energy Company UK Ltd and Noreco Oil (UK) Limited. Norwegian Energy Company ASA (BlueNord) guarantees that, if any amounts become payable by Norwegian Energy Company UK Ltd or by Noreco Oil (UK) Limited to the UK Secretary of State under the terms of the licence and the Company does not repay those amounts on first demand, Norwegian Energy Company ASA (BlueNord) shall pay to the UK Secretary of State on demand an amount equal to all such amounts. Under the forfeiture agreement between Harbour Energy plc (previously Premier) and Norwegian Energy Company ASA (BlueNord), Harbour Energy plc assumes the risk. While this contingent liability to the Secretary of State would need to be recognised in any future sale of the Company, Noreco Oil (UK) Limited does have recourse against Harbour Energy plc if it defaults in its performance.

On 6 December 2007, Norwegian Energy Company ASA (BlueNord) issued a parent company guarantee to the Danish Ministry of Climate, Energy and Building on behalf of its subsidiary Noreco Oil Denmark A/S and Noreco Petroleum Denmark A/S.

On 31 December 2012, Norwegian Energy Company ASA (BlueNord) issued a parent company guarantee on behalf of its subsidiary Noreco Norway AS. Norwegian Energy Company ASA (BlueNord) guarantees that if any amounts become payable by Noreco Norway AS to the Norwegian Secretary of State under the terms of the licences and the Company does not repay those amounts on first demand, Norwegian Energy Company ASA (BlueNord) shall pay to the Norwegian Secretary of State on demand an amount equal to all such amounts. Noreco Norway AS was liquidated in 2018, however as per 31 December 2022, the guarantee has not been withdrawn.

In connection with completion of the acquisition of Shell Olie-og Gasudvinding Denmark B.V., in 2019, Norwegian Energy Company ASA (BlueNord) issued a parent company guarantee to the Danish state on behalf of the two acquired companies for obligations in respect of licence 8/06, area B and the Tyra West – F3 gas pipeline. In addition, Norwegian Energy Company ASA (BlueNord) issued a parent company guarantee towards the lenders under the reserve-based lending facility agreement, to Total E&P Danmark A/S for its obligations under the DUC joint venture agreement (JOA) and to Shell Energy Europe Limited related to a gas sales and purchase agreement (capped at EUR 30 million).

7 Shareholders' equity

Changes in equity All figures in USD million	Share capital	Share premium	Treasury reserve	Other equity	Total
Equity 31 December 2021	29.5	707.0	(0.5)	(315.3)	420.7
Correction previous year	–	–	–	(0.1)	(0.1)
Issue of shares	1.4	32.2	–	–	33.6
Capital reduction, approved and registered	(29.3)	29.3	–	–	–
Conversion NOR13	–	–	–	0.6	0.6
Share-based incentive programme	–	–	–	1.5	1.5
Sales of shares	–	–	0.3	5.1	5.4
Net result for the period	–	–	–	(82.5)	(82.5)
Equity 31 December 2022	1.7	768.4	(0.1)	(390.7)	379.2

8 Share capital and shareholder information

	2022	2021
Ordinary shares	25,708,424	24,549,013
Treasury shares	(137,162)	(438,161)
Total shares	25,571,262	24,110,852
Par value in NOK	10	10

Norwegian Energy Company ASA (BlueNord) owns 137,162 of its own shares. All shares have equal rights. All shares are fully paid.



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Changes in number of shares and share capital:

	No. of shares	Share capital*
Share capital as of 31 December 2021	24,549,013	29.5
Issue of shares	1,159,411	1.4
Capital reduction, approved and registered	–	(29.3)
Share capital as of 31 December 2022	25,708,424	1.7
	No. of shares	Treasury share reserve*
Treasury shares as of 1 January 2021	–	–
Purchase of Treasury shares	(438,161)	(0.5)
Treasury shares as of 31 December 2021	(438,161)	(0.5)
Sale of Treasury shares	300,999	0.3
Treasury shares as of 31 December 2022	(137,162)	(0.1)

* In USD million.

Changes in 2022

The company received conversion notice from bondholders holding NOR13 Bonds for USD 33.6 million, which pursuant to the bond term are convertible into 1,159,411 new shares in the Company at a conversion price of USD 28.9734. Following such the share capital is increased with NOK 11.6/USD 1.4 million.

The share capital is reduced with NOK 243.2/USD 29.3 million by reducing the nominal value of the shares. The reduction amount was transferred to share premium fund. The share capital reduction has been registered in the Norwegian Registry of Business Enterprises on 28 December 2022. Following the share capital reduction, the Company's share capital is NOK 13.9/USD 1.7 million divided on 25,708,424 shares, each with a nominal value of NOK 0.5398295.

The Company sold 300,999 of its own shares in relation to exercise of options held by a former Director of the Board and former members of the Executive Team.

Overview of shareholders at 28 March 2023:

Shareholder*	Shareholding	Ownership share	Voting share
Euroclear Bank S.A./N.V.	6,243,331	23.8%	23.8%
Goldman Sachs International	5,189,939	19.8%	19.8%
SOBER AS	1,850,000	7.1%	7.1%
Barclays Bank PLC	1,540,368	5.9%	5.9%
J.P. Morgan Securities LLC	1,435,010	5.5%	5.5%
Bank of America	774,408	3.0%	3.0%
J.P. Morgan Securities LLC	588,649	2.7%	2.7%
BNP Paribas	585,000	2.2%	2.2%
Sbakkejord AS	341,262	2.2%	2.2%
CLEARSTREAM BANKING S.A.	586,202	2.2%	2.2%
SOSYFR INVEST AS	268,368	1.6%	1.6%
Société Générale	425,000	1.3%	1.3%
Morgan Stanley & Co. Int. Plc.	300,225	1.2%	1.2%
FINSNES INVEST AS	318,000	1.1%	1.1%
VELDE HOLDING AS	222,222	1.0%	1.0%
Barclays Bank PLC	700,216	1.0%	1.0%
Goldman Sachs & Co. LLC	203,349	0.9%	0.9%
DNBBANK ASA	257,969	0.8%	0.8%
The Bank of New York Mellon SA/NV	228,149	0.8%	0.8%
OUSDAL AS	200,000	0.8%	0.8%
Total	22,257,667	85%	85%
Other owners (ownership <0,42%)	3,944,377	15.1%	15.1%
Total number of shares at 28 March 2023	26,202,044	100%	100%

* Nominee holder.

Notes continued

9 Share-based compensation

Fair value of the options is calculated using the Black-Scholes-Merton option pricing model. Inputs to the model includes grant date, exercise price, expected exercise date, volatility and risk-free rate.

	Share options	Retention shares	Performance shares
Outstanding share options			
Total share options outstanding as at 1 January 2021	983,868	–	–
Share options relinquished in 2021	(235,000)	–	–
Outstanding at 31 December 2021	748,868	–	–
Granted in 2022	122,000	122,825	188,935
Exercised in 2022	(301,000)	–	–
Translated in 2022	(178,000)	–	–
Outstanding at 31 December 2022	391,868	122,825	188,935

For more details related to share-based payment, please see the Executive Remuneration Report 2022.

10 Payroll expenses and remuneration

USD million	2022	2021
Salaries (incl. Directors' fees)	(3.1)	(2.8)
Social security tax	(0.5)	(0.4)
Pension costs ¹⁾	(0.1)	(0.1)
Costs relating to share-based payments	(0.5)	(0.3)
Other personnel expenses	(0.2)	(0.1)
Total personnel expenses	(4.4)	(3.7)
Average number of employees	7.6	6.7

1) Norwegian companies are obliged to have occupational pension in accordance with the Norwegian Act related to mandatory occupational pension. Norwegian Energy Company ASA (BlueNord) meet the Norwegian requirements for mandatory occupational pension ("obligatorisk tjenestepensjon").

For further information on remuneration to key management personnel and Board of Directors, please see note 7 in the Consolidated Financial Statement.

11 Write-down of financial assets

USD million	2022	2021
Net write-down loans to subsidiaries	(2.7)	(0.6)
Total write-down of financial assets	(2.7)	(0.6)

Write-down of loans to subsidiaries in 2022 and 2021 consists of impairment of loans to Noreco Oil (UK) Ltd. and Norwegian Energy Company UK Ltd. The intercompany receivables to the UK investment are impaired to zero.

12 Tax

Reconciliation of nominal to actual tax rate:

USD million	2022	2021
Result before tax	(82.5)	(29.8)
Corporation income tax of income (loss) before tax -22%	(18.5)	(6.6)
Calculated tax expense	(18.2)	(6.6)
Permanent differences	12.7	0.0
Changes in deferred tax assets – not recognised	3.7	6.5
Prior year adjustments	2.0	–
Income tax expense	–	–



Financial Statements

Deferred tax liability and deferred tax assets:

USD million	2022	2021
Net operating loss deductible	98.8	106.5
Interest limitation carried forward	35.8	36.4
Fixed assets	0.0	(0.0)
Current assets	(21.8)	8.7
Liabilities	18.1	(22.0)
Tax base deferred tax liability/deferred tax asset	129.5	129.5
Net deferred tax liability/(deferred tax asset) (22%)	(28.5)	(28.5)
Unrecognised deferred tax asset	28.5	28.5

13 Other operating expenses and audit fees

USD million	2022	2021
Lease expenses	(0.2)	(0.2)
IT expenses	(0.2)	(0.5)
Travel expenses	(0.2)	(0.0)
General and administrative costs	(0.1)	(0.0)
Consultant fees	(2.9)	(2.0)
Other operating expenses	(0.5)	(0.3)
Total other operating expenses	(4.1)	(3.2)

Expensed audit fee:

USD 1,000, excl. VAT	2022	2021
Audit	(313.0)	(204.3)
Other assurance services	65.4	–
Total audit fees	378.4	(204.3)

14 Related party transactions

Transactions with related party USD million	2022	2021
a) Allocation of cost to Group companies	3.1	2.5
b) Purchases of services	–	0.1
c) Sale of assets	–	–

Interest income and interest expenses to Group companies are presented separately in the income statement.

Services are charged between Group companies at an hourly rate which corresponds to similar rates between independent parties. Allocation of IT and management fee to group companies amounts to USD 3.1 million for 2022.

Balances with Group companies

Carrying value of balances with Group companies are stated on the face of the balance sheet and are all related to 100 percent controlled subsidiaries.

Norwegian Energy Company ASA (BlueNord) did not have any other transactions with any other related parties during 2022. Please see the Executive Remuneration Report 2022 for Director's fee paid to shareholders and remuneration to management.



Independent Auditor's Report Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Norwegian Energy Company ASA (BlueNord), which comprise:

- the financial statements of the parent company Norwegian Energy Company ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and
- the consolidated financial statements of Norwegian Energy Company ASA (BlueNord) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements;
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway; and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

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 Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 15 years from the election by the general meeting of the shareholders on 25 April 2008 for the accounting year 2008.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of production assets

Refer to note 3 Critical accounting estimates and judgements (section d), note 9 Intangible assets, note 10 Property, plant and equipment and note 11 Impairments



The key audit matter	How the matter was addressed in our audit
<p>The recoverable amounts of production assets are sensitive to changes in assumptions, in particular oil and gas prices, discount rate and oil and gas reserves. Any negative developments in these assumptions and forecasts may be an impairment trigger.</p> <p>Management's determination of the recoverable amounts of the production assets is based on a number of key assumptions such as expected oil and gas prices, oil and gas reserves, economic cut-off date, license related expenditures and discount rate, which involve a high degree of judgement. In addition, the calculation of recoverable amounts requires complex financial modelling of the cash flows of each cash generating unit.</p> <p>Significant auditor judgement is required when evaluating whether the recoverable amounts, and the assumptions which drive the underlying cash flow estimates, are reasonable and supportable.</p>	<p>For each asset and cash generating unit we critically assessed and challenged the determined recoverable amounts, and the assumptions which drive the underlying cash flow estimates, including:</p> <ul style="list-style-type: none">• comparison of management's expected oil and gas prices to external forward curve data and benchmark data from third-party analysts and competitors;• comparison of the reserves estimates used to the assessments made by the Company's reservoir engineers to the operators assessments and certain third-party reserves certification reports;• comparison and assessment of forecasted operational expenditures and capital expenditures to historical forecasts and approved license budgets;• comparison of and assessment of managements expected economic cut-off date for fields to the operators and third-party reports; and• agreeing abandonment expenditures in this cash flow forecast with the abandonment expenditures used in the abandonment provision. <p>In addition, KPMG valuation specialists assessed the reasonableness of the discount rate applied with reference to market data and comparable companies credit risk.</p> <p>We assessed the mathematical and methodological integrity of management's impairment models, including the modelling of tax related cash flows.</p> <p>We also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p>

Assets retirement obligations

Refer to note 3 Critical accounting estimates (section c) and judgements and note 21 Assets retirement obligations.

The key audit matter	How the matter was addressed in our audit
<p>The determination of the asset retirement obligations ("ARO") involves judgement related to the estimation of future costs, the discount rate applied, the economic cut-off date for fields and the related timing of the expected costs.</p> <p>Significant auditor judgement is required when evaluating the abandonment provisions, and to determine whether there is sufficient evidence available to support the estimates and judgements made.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none">• assessing management's process to determine the present value of the estimated future decommissioning and removal expenditures required by local conditions and requirements;• we critically assessed and challenged the link between the economic cut-off date for fields for consistency to the reserves estimate, for which a third party assessment has been obtained;• we assessed and challenged managements expected future costs estimates by comparing these to reports from the operator company and evaluating the historical accuracy of the cost estimates;• assessing the discount and inflation rate applied with reference to industry practice along with market and Company data; and• we assessed the mathematical and methodological integrity of management's valuation model. <p>We also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p>



Independent Auditor's Report continued Report on the Audit of the Financial Statements

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report:

- is consistent with the financial statements; and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the 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 Company's and the 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 Company's and the 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 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 Company and the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 the Board of Directors 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Norwegian Energy Company ASA (BlueNord) we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXGE3C16-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format.

We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 28 March 2023
KPMG AS

Mona Irene Larsen

State Authorised Public Accountant

(This document is signed electronically)



Statement of Compliance

Board and management confirmation

Today, the Board of Directors and the Managing Director reviewed and approved the Board of Directors' Report and the Norwegian Energy Company ASA (BlueNord) consolidated and separate annual financial statements as of 31 December 2022.

To the best of our knowledge, we confirm that:

- the Norwegian Energy Company ASA (BlueNord) consolidated annual financial statements for 2022 have been prepared in accordance with IFRSs and IFRICs as adopted by the EU, and additional Norwegian disclosure requirements in the Norwegian Accounting Act;
- the financial statements for Norwegian Energy Company ASA (BlueNord) have been prepared in accordance with the Norwegian Accounting Act and Norwegian Accounting Standards;
- that the Board of Directors' Report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian Accounting Standard no 16;
- that the information presented in the financial statements gives a true and fair view of the Company's and the Group's assets, liabilities, financial position and results for the period viewed in their entirety; and
- that the Board of Directors' Report gives a true and fair view of the development, performance, financial position, principle risks and uncertainties of the Company and the Group.

Oslo

28 March 2023

Riulf Rustad
Executive Chair

Tone Kristin Omsted
Board member

Marianne Lie
Board member

Colette Cohen
Board member

Robert J. McGuire
Board member

Jan Lernout
Board member

Peter Coleman
Board member

Euan Shirlaw
Chief Executive Officer



Alternative Performance Measures

Norwegian Energy Company ASA (BlueNord) chooses to disclose Alternative Performance Measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with the IFRS. This information is provided as a useful supplemental information to investors, security analysts and other stakeholders to provide an enhanced insight into the financial development of Norwegian Energy Company ASA (BlueNord)'s business operations and to improve comparability between periods.

Abandonment spent (abex) is defined as the payment for removal and decommissioning of oil fields, to highlight the cash effect for the period.

Adjusted EBITDA is adjusted for cost from share-base payment arrangements and non-payment insurance.

Adjusted EBITDA

USD million	2022	2021
EBITDA	611.2	249.5
Non-payment insurance	4.7	7.2
Share-base payment	0.6	0.3
Adjusted EBITDA	616.5	257.1

EBITDA Earnings before interest, taxes, depreciation, depletion, amortisation and impairments. EBITDA assists in comparing performance on a consistent basis without regard to depreciation and amortisation, which can vary significantly depending on accounting methods or non-operating factors and provides a more complete and comprehensive analysis of our operating performance relative to other companies.

Effective oil price is defined as realised oil price adjusted for derivative effects.

Effective gas price is defined as realised gas price adjusted for derivative effects.

Free cash flow (pre-investments) is defined as Net change in cash and cash equivalents including cash spent on investments in oil and gas assets.

Interest-bearing debt defined as the book value of the current and non-current interest-bearing debt.

Net interest-bearing debt is defined by Norwegian Energy Company ASA (BlueNord) as cash and cash equivalents reduced by current and non-current interest-bearing debt. The RBL facility and bond loans are included in the calculation with the total amount outstanding and not the amortised cost including transaction cost.

Interest-bearing debt

USD million	31.12.2022	31.12.2021
Convertible bond loans	(188.7)	(157.1)
Senior Unsecured bond loan	(166.9)	(164.9)
Reserve-based lending facility	(764.0)	(857.3)
Other interest-bearing debt	(25.0)	(25.0)
Interest-bearing debt	(1,144.6)	(1,204.3)

Net Interest-bearing debt

USD million	31.12.2022	31.12.2021
Cash and cash equivalents	268.4	122.6
Convertible bond loan	(221.5)	(185.0)
Senior Unsecured bond loan	(175.0)	(175.0)
Reserve-based lending facility	(800.0)	(900.0)
Other interest-bearing debt	(25.0)	(25.0)
Net interest-bearing debt	(953.1)	(1,162.4)



Alternative Performance Measures continued

Supplementary oil and gas information (unaudited)

In March 2023, the Group reported oil and gas 2P reserves and near-term 2C resources, the report is reported separately from the Annual Report 2022. RISC UK Ltd (RISC) has independently assessed the year-end 2022 2P reserves and near-term 2C resources associated with Norwegian Energy Company ASA (BlueNord)'s interest in the DUC assets. 2P reserves and near-term 2C resources are reported according to Society of Petroleum Engineering Petroleum Resources Management System (SPE PRMS) 2018 standards.

In line with the Annual Statement of Reserves and Resources, the reported reserves include remaining volumes expected to be recovered based on reasonable assumptions about future technical, economic, fiscal, and financial conditions based on year end 2022 data. The calculations of recoverable volumes are associated with significant uncertainties. The 2P estimate represents a best estimate of reserves. The reported contingent resources (near-term 2C) are potentially recoverable volumes from known accumulations for which development plans are being matured or further evaluation is under way with a view to development in the near term. This does not include the full portfolio of BlueNord's 2C resources.

The 2P reserves and near-term 2C resources for the DUC portfolio and Lulita are shown below using the figures from the Annual Statement of Reserves and Resources issued in March as basis.

Total reserves as of 31.12.2022

Field	Hub	Status	Liquids (mill bbl)	Gas (mmboe)	Oil Eq. (mmboe)	Interest %	Oil Eq. (mmboe)
Dan	Dan	On Production	71.1	5.6	76.7	36.8%	28.2
Kraka	Dan	On Production	6.9	0.2	7.1	36.8%	2.6
Gorm	Gorm	On Production	21.8	–	21.8	36.8%	8.0
Skjold	Gorm	On Production	30.9	–	30.9	36.8%	11.4
Rolf	Gorm	On Production	2.3	–	2.3	36.8%	0.9
Halfdan (incl. Halfdan North East)	Halfdan	On Production	76.5	23.7	100.2	36.8%	36.9
Tyra	Tyra	Under Development	38.1	85.2	123.2	36.8%	45.3
Valdemar	Tyra	Under Development	38.4	18.3	56.7	36.8%	20.9
Roar	Tyra	Under Development	5.2	11.8	17.1	36.8%	6.3
Harald	Tyra	Under Development	0.7	3.5	4.3	36.8%	1.6
Lulita	Tyra	Under Development	0.6	0.4	1.0	28.4%	0.4
Halfdan Tor							
North East Infill	Halfdan	Approved for Development	4.8	2.9	7.7	36.8%	2.8
Halfdan HCA Gas Lift Project	Halfdan	Approved for Development	1.1	6.0	7.1	36.8%	2.6
Valdemar Bo South	Tyra	Justified for Development	20.1	8.8	28.9	36.8%	10.6
Halfdan Ekofisk Infill	Halfdan	Justified for Development	5.7	5.0	10.7	36.8%	3.9
Total 2P Reserves			324.2	171.5	495.6		182.4

Total Near-Term 2C Resources as of 31.12.2022

Field	Liquids (mill bbl)	Gas (mmboe)	Oil Eq. (mmboe)	Interest %	Oil Eq. (mmboe)
Adda	16.9	33.6	50.4	36.8%	18.6
Svend	11.4	1.7	13.2	36.8%	4.8
Halfdan North	33.1	4.3	37.4	36.8%	13.8
Total 2C Resources	61.4	39.6	101.0		37.2

Total 2P Reserves and near-term 2C Resources	385.5	211.1	596.6		219.6
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Information about BlueNord

ESEF information

Name of reporting entity or other means of identification	Noreco Group
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	N/A
Domicile of entity	Norway
Legal form of entity	ASA
Country of incorporation	Norway, UK, Denmark
Address of entity's registered office	Nedre Vollgate 1, 0158 Oslo, Norway
Principal place of business	Oslo
Description of nature of entity's operations and principal activities	Oil and gas
Name of parent entity	Norwegian Energy Company ASA
Name of ultimate parent of group	Norwegian Energy Company ASA

Head office BlueNord

Headquarters	Nedre Vollgate 1, 0158 Oslo, Norway
Telephone	+47 22 33 60 00
Internet	www.BlueNord.com
Organisation number	NO 987 989 297 MVA

Financial calendar 2023

25 April
10 May
12 July
18 October

Annual General Meeting

Q1 2023 Report
Q2 2023 Report
Q3 2023 Report

Board of Directors

Riulf Rustad	Chair
Marianne Lie	
Tone Kristin Omsted	
Colette Cohen	
Robert J. McGuire	
Jan Lernout	
Peter Colman	

Management

Euan Shirlaw	Chief Executive Officer
Marianne Eide	Chief Operating Officer
Cathrine Torgersen	EVP, Investor Relations & ESG
Jacqueline Lindmark Boye	EVP, Finance

Investor Relations

Phone	+47 22 33 60 00
E-mail	investorrelations@BlueNord.com

Annual Reports

Annual reports for BlueNord are available on www.BlueNord.com

Quarterly publications

Quarterly reports and supplementary information for investors and analysts are available on www.BlueNord.com. The publications can be ordered by e-mailing investorrelations@BlueNord.com.

News Releases

In order to receive news releases from BlueNord, please register on www.BlueNord.com or e-mail investorrelations@BlueNord.com.

BlueNord

Org. number: 987 989 297
LEI Code: 5967007LIEEXZXGE3C16



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Enterprise 935 174 627 MVA

To the General Meeting of Norwegian Energy Company ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Norwegian Energy Company ASA, which comprise:

- the financial statements of the parent company Norwegian Energy Company ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Norwegian Energy Company ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

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 Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit

Offices in:

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Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Tromsø
Alta	Finnsnes	Molde	Trondheim
Arendal	Hamar	Sandefjord	Tynset
Bergen	Haugesund	Stavanger	Ulsteinvik
Bodo	Knarvik	Stord	Alesund
Drammen	Kristiansand	Straume	

Pemneo document key: H6VKT-04OPF-FLBXV-YB0BI-K7ZXP-KDPW1



Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 15 years from the election by the general meeting of the shareholders on 25 April 2008 for the accounting year 2008.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of production assets

Refer to note 3 Critical accounting estimates and judgements (section d), note 9 Intangible assets, note 10 Property, plant and equipment and note 11 Impairments

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 31 December 2022, the Group has Property, plant and equipment of USD 1 911.9 million and Exploration and evaluation assets of USD 160.4 million. The Group did not recognize any impairment charge in 2022.</p> <p>The recoverable amounts of production assets are sensitive to changes in assumptions, in particular oil and gas prices, discount rate and expected oil and gas reserves. Any negative developments in these assumptions and forecasts may be an impairment trigger.</p> <p>Management's determination of the recoverable amounts of the production assets is based on a number of key assumptions such as expected oil and gas prices, oil and gas reserves, economic cut-off date, license related expenditures and discount rate, which involve a high degree of judgment. In addition, the calculation of recoverable amounts requires complex financial modelling of the cash flows.</p> <p>Significant auditor judgment is required when evaluating whether the recoverable amounts, and the assumptions which drive the underlying cash flow estimates, are reasonable and supportable.</p>	<p>For each asset and cash generating unit we critically assessed and challenged the determined recoverable amounts, and the assumptions which drive the underlying cash flow estimates, including:</p> <ul style="list-style-type: none"> • comparison of management's expected oil and gas prices to external forward curve data and benchmark data from third party analysts and competitors; • comparison of the reserves estimates used to the assessments made by the Company's reservoir engineers to the operators assessments and certain third party reserves certification reports; • comparison and assessment of forecasted operational expenditures and capital expenditures to historical forecasts and approved license budgets; • comparison of and assessment of managements expected economic cut-off date for fields to the operators and third party reports; and • agreeing abandonment expenditures in this cash flow forecast with the abandonment expenditures used in the abandonment provision. <p>In addition, KPMG valuation specialists assessed the reasonableness of the discount rate applied with reference to market data and comparable companies credit risk.</p> <p>We assessed the mathematical and methodological integrity of management's impairment models, including the modelling of tax related cash flows.</p> <p>We also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p>

Perneco document key: H6VK1-04OPF-FLBXV-YB0BI-K7ZXP-KDPW1



Assets retirement obligations

Refer to note 3 Critical accounting estimates (section c) and judgements and note 21 Assets retirement obligations.

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 31 December 2022, the Group has non-current Assets retirement obligations of USD 946.1 million and current Asset retirement obligations of USD 9.8 million.</p> <p>The determination of the asset retirement obligations (“ARO”) involves judgement related to the estimation of future costs, the discount rate applied, the economic cut-off date for fields and the related timing of the expected costs.</p> <p>Significant auditor judgment is required when evaluating the abandonment provisions, and to determine whether there is sufficient evidence available to support the estimates and judgments made.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> • Assessing management’s process to determine the present value of the estimated future decommissioning and removal expenditures required by local conditions and requirements. • We critically assessed and challenged the link between the economic cut-off date for fields for consistency to the reserves estimate, for which a third party assessment has been obtained. • We assessed and challenged managements expected future costs estimates by comparing these to reports from the operator company and evaluating the historical accuracy of the cost estimates. • Assessing the discount and inflation rate applied with reference to industry practice along with market and Company data. • We assessed the mathematical and methodological integrity of management’s valuation model. <p>We also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p>

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors’ report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors’ report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors’ report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors’ report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors’ report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors’ report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors’ report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director’s report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the 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 Company's and the 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 Company's and the 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 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 Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Board of Directors 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Norwegian Energy Company ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXGE3C16-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 28 March 2023
KPMG AS

Mona Irene Larsen
State Authorised Public Accountant
(This document is signed electronically)

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"By my signature I confirm all dates and content in this document."

Mona Irene Larsen

Partner

Serial number: 9578-5999-4-1026781

IP: 80.232.xxx.xxx

2023-03-28 15:59:40 UTC



Mona Irene Larsen

State Authorised Public Accountant

Serial number: 9578-5999-4-1026781

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