



# BlueNord ASA

Second Quarter and Half Year Report 2023



# Highlights of the Quarter

Compared to first quarter 2023

---

## Revenue

**\$191m**

-14%

---

## EBITDA

**\$99m**

-19%

---

## Operating cash flow

**\$58m**

-63%

---

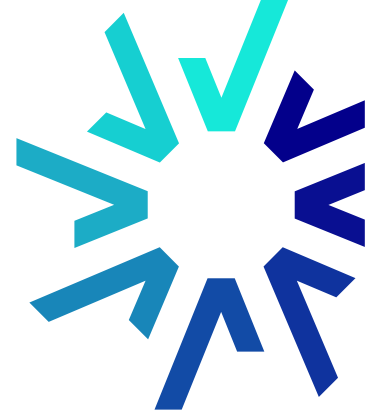
## Total liquidity (cash and undrawn facilities)

**\$485m**

-8%

“BlueNord maintained its strong operational performance through the second quarter of 2023, with production for the period above the revised guidance that we published in early June. We expect the solid performance to continue for the remainder of this year and beyond driven by high activity levels on our producing assets. In June we also spud the first well on the DUC since 2019. This will enhance near-term production levels with a total of two Halfdan infill wells coming onstream in 2023, followed by five further wells in 2024 and 2025 across the DUC. Our focus and commitment to bringing Tyra onstream continues, and we have made substantial recent headway. We now have two Gas Turbine Generators (GTGs) available, and the Sea Water Lift Pumps have been installed. These mark crucial steps as we progress towards Tyra first gas by the end of this year. Based on this combination, we continue to move towards our goal of producing over 55mboe/d net by 2025 and, in doing so, we are set to provide a significant return of capital to our shareholders.”

Euan Shirlaw, Chief Executive Officer



# Contents

---

<b>01</b>	Summary of the Quarter	4
	Financial Review	5
	Operational Review	8
	Report for the First Half 2023	13
	Statement of Compliance	14
<hr/>		
<b>02</b>	Condensed Consolidated Statement of Comprehensive Income	16
	Condensed Consolidated Statement of Financial Position	17
	Condensed Consolidated Statement of Changes in Equity	18
	Condensed Consolidated Statement of Cash Flows	19
<hr/>		
	Note 1: Accounting principles	21
	Note 2: Revenue	22
	Note 3: Production expenses	22
	Note 4: Financial income and expenses	23
	Note 5: Tax	24
	Note 6: Intangible assets	26
	Note 7: Property, plant and equipment	27
	Note 8: Non-current receivables, trade receivables and other current assets	28
	Note 9: Inventories	28
	Note 10: Restricted cash, bank deposits, cash and cash equivalents	28
	Note 11: Borrowings	29
	Note 12: Trade payables and other current liabilities	30
	Note 13: Financial instruments	31
	Note 14: Asset retirement obligations	37
	Note 15: Shares and share capital	37
	Note 16: Subsequent events	37
<hr/>		
<b>04</b>	Alternative performance measures	39
	Information about BlueNord	40
	Appendix	41



# Introduction



01





# Second Quarter 2023 Summary

## Operational:

- Strong operating performance, with hydrocarbon production of 23.6 mboepd in the second quarter slightly above the top end of BlueNord's quarterly guidance of 22.5-23.5 mboepd.
- In June, the Company announced an upward revision of its quarterly production guidance for 2023 following higher than expected performance from the producing assets.
- Drilling operations on Halfdan Tor North East has commenced with first of two infill well successfully spudded by the jackup rig Shelf Drilling Winner.
- The planned Halfdan re-route installation was done ahead of schedule, with less impact on Dan and Halfdan production than expected.
- On the Tyra Redevelopment project, two GTGs (Gas Turbine Generators) were successfully started up and are now available, in addition the export pipeline to Denmark was reconnected
- Entered into a strategic partnership with Semco Maritime which will allow BlueNord to assess new opportunities outside of the DUC.
- Submission of license application for the acreage containing the Danish gas discovery Elly-Luke

## Financial:

- Total revenues of USD 190.7 million in the second quarter with USD 411.2 million for first half 2023.
- EBITDA of USD 98.7 million in the second quarter and USD 220.2 million in the first half of 2023
- Cash flow from operating activities of USD 58.2 million in the second quarter delivering USD 214.8 million in first half of 2023.
- Total liquidity of USD 484.7 million at the end of the period with cash on balance sheet of USD 284.7 million and undrawn RBL capacity of USD 200.0 million.
- Shareholder resolution of name change to BlueNord ASA, and the new ticker BNOR came into effect on Oslo Stock Exchange.
- Company included on the global MSCI Small Cap Index as of 31 May 2023.

Financial and operational summary	Unit	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Total revenue	USDm	190.7	220.5	264.6	411.2	443.7
<b>EBITDA<sup>1)</sup></b>	<b>USDm</b>	<b>98.7</b>	<b>121.6</b>	<b>167.0</b>	<b>220.2</b>	<b>273.8</b>
<b>Adj. EBITDA<sup>1)</sup></b>	<b>USDm</b>	<b>101.0</b>	<b>123.8</b>	<b>168.2</b>	<b>224.9</b>	<b>276.2</b>
<b>Result before tax</b>	<b>USDm</b>	<b>31.1</b>	<b>73.9</b>	<b>42.0</b>	<b>104.9</b>	<b>24.9</b>
Net result for the period	USDm	19.4	41.6	(49.3)	61.0	(94.2)
Cash flow from operating activities	USDm	58.2	156.6	183.4	214.8	270.4
Investments in oil and gas assets	USDm	80.9	62.0	61.0	142.9	113.5
Abandonment spent <sup>1)</sup>	USDm	5.1	1.5	4.7	6.6	6.7
Reserve-based lending facility, drawn	USDm	800.0	800.0	900.0	800.0	900.0
Net interest-bearing debt <sup>1)</sup>	USDm	910.0	860.6	1,018.7	910.0	1,018.7
Oil production	mboepd	17.9	19.8	20.8	18.7	21.5
Gas production	mboepd	5.7	6.7	5.7	6.2	6.0
<b>Total production</b>	<b>mboepd</b>	<b>23.6</b>	<b>26.6</b>	<b>26.5</b>	<b>24.9</b>	<b>27.5</b>
Over/under-lift	mboepd	3.5	(0.3)	4.0	1.7	0.8
Realised Oil price	USD/boe	79.3	84.4	112.7	81.7	107.1
+/- Effect of hedges	USD/boe	(16.5)	(20.1)	(31.0)	(18.2)	(31.1)
<b>Effective Oil price<sup>1)</sup></b>	<b>USD/boe</b>	<b>62.7</b>	<b>64.3</b>	<b>81.7</b>	<b>63.5</b>	<b>76.0</b>
Realised Gas price	EUR/MWh	36.8	52.7	93.1	40.7	93.3
+/- Effect of hedges	EUR/MWh	34.1	44.0	(9.9)	44.2	(26.8)
<b>Effective Gas price<sup>1)</sup></b>	<b>EUR/MWh</b>	<b>70.9</b>	<b>96.7</b>	<b>83.2</b>	<b>84.9</b>	<b>66.5</b>

1) See the description of "Alternative performance measures" at the end of this report for definitions.



# Financial Review

## Selected data from consolidated statement of comprehensive income

USD million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Total revenue	190.7	220.5	264.6	411.2	443.7
EBITDA	98.7	121.6	167.0	220.2	273.8
EBIT	73.7	95.5	132.3	169.2	202.0
Result before tax	31.1	73.9	42.0	104.9	24.9
Net result for the period	19.4	41.6	(49.3)	61.0	(94.2)
Earnings per share	0.7	1.6	(2.0)	2.4	(3.9)

**The Company had revenues** of USD 190.7 million in the second quarter of 2023, mainly related to oil and gas sales from the Danish Underground Consortium (DUC) fields, compared to USD 220.5 million in the previous quarter. The decrease compared to last quarter was related to lower realised commodity prices net of hedging, with a reduction of 2.4 percent on oil and 25.6 percent on gas respectively. In addition, 14.7 percent lower gas volumes were offset by 10.9 percent higher oil volumes lifted.

**Production expenses:** The current level of field operating costs is being maintained to support the stable production level. This includes the continuation of activities related to well recovery such as “Well Reservoir Opportunity Management” (WROM) and Integrity Recovery Project. In the current quarter USD 64.5 million was directly attributable to the lifting and transport of the Company’s oil and gas production, equating to USD 30.0 per barrel. This was USD 86.7 million in the previous quarter, equating to USD 36.3 per barrel. The net decrease is primarily related to the rig move. In April the jackup rig Shelf Drilling Winner was moved from performing well workovers to commence drilling the infill wells on the Halfdan Tor North East project. Adjusted for insurance and changes in stock and inventory, total production expenses amounted to USD 82.9 million compared to USD 92.3 million in the previous quarter. The overall decrease in total production expenses included a negative effect related to a reduction in oil inventory volumes in the current quarter compared with a positive effect in the previous quarter.

**Operating result (EBITDA)** in the second quarter of 2023 was a profit of USD 98.7 million, compared to USD 121.6 million in previous quarter. This decrease mainly relates to lower gas revenue due to decrease in commodity prices and gas volumes which were offset by higher oil volumes.

**Net Financial items** amounted to an expense of USD 42.6 million for the second quarter of 2023, compared to an expense of USD 21.6 million in the previous quarter. Mainly influenced by a negative fair value adjustment on embedded derivatives this quarter compared to a positive fair value adjustment last quarter.

**Income tax** amounted to USD 11.7 million for the second quarter of 2023 compared to USD 32.3 million for the previous quarter. The decrease in income tax is due to higher effect from investment uplift and prior year adjustments as well as difference in operating results. YTD 2023 current income tax amounted to a cost of USD 68,4 million and deferred tax movements amounted to positive USD 24,4 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, interest restriction and prior year adjustments. The current tax accrual includes 33 percent “solidarity contribution”, - the EU-regulated temporary tax to be levied on fossil fuel companies in 2023 in Denmark. As this contribution may be offset against hydrocarbon tax, the charge does not lead to an increase in the overall tax percentage applied. 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.

**Net result** for the second quarter of 2023 was a gain of USD 19.4 million, compared to USD 41.6 million gain for the previous quarter.



## Selected data from the consolidated statement of financial position

USD million	30.06.2023	31.03.2023	30.06.2022
Total non-current assets	2,706.7	2,660.1	2,875.2
Total current assets	556.9	583.9	420.0
Total assets	3,263.6	3,244.0	3,295.2
Total equity	710.6	602.5	432.2
Interest bearing debt	1,124.6	1,144.6	1,195.1
Asset retirement obligations	975.5	955.8	1,040.6
Total current liabilities	236.8	250.8	49.6

**Total non-current assets** amounted to USD 2.7 billion at the end of second quarter of 2023 compared to USD 2.7 billion in the previous quarter. Total non-current assets consistent with last quarter with increased property, plant and equipment offset by decreased value of derivative assets related to reclassification of the interest swap from long term to short term. Total non-current assets consist of USD2.0 billion related to property, plant and equipment, intangible assets of USD 155.0 million, deferred tax asset of USD 328.1 million, derivatives related to the RBL interest swap and gas hedges of USD 4.0 million and USD 207.9 million in restricted cash, relating to cash pledged to Total as security for DUC cash call obligations and security against Nini/Cecilie abandonment costs.

**Total current assets** amounted to USD 556.9 million at the end of second quarter of 2023 compared to USD 614.6 million at the end of previous quarter. Decrease mainly due to decreased cash, oil inventory and derivatives in current quarter, partly offset by increased trade receivables. Total current assets consist of USD 121.7 million in derivatives related to the RBL interest swap and gas hedges, USD 73.5 million in trade receivables and accrued revenue, mainly related to oil and gas revenue, USD15.7 million in prepayments mainly related to insurance, USD 284.7 million of cash and USD 53.2 million of inventory.

**Total equity** amounted to USD 710.6 million at the end of the second quarter of 2023, compared to USD 683.9 million at the end of previous quarter. Increase in equity was mainly related to the positive result for the period and gain from fair value adjustment of hedges.

**Interest-bearing debt** amounted to USD 1.1 billion at the end of second quarter of 2023 which is consistent with previous quarter. The convertible bond loan BNOR15 and BNOR13 had a book value of respectively USD 189.1 million and USD0.2 million at the end of the second quarter of 2023. The bond loans are measured 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 30 June 2023 and with maximum cash drawing capacity of USD 1.0 billion, had a book value of USD 767.4 million at the end of the second quarter. The senior unsecured bond loan BNOR14 had a book value of USD 167.9 million at the end of the period. The RBL facility and the unsecured bond loan are measured at amortised cost.

**Asset retirement obligations** amounted to USD 975.5 million at the end of the second quarter of 2023, compared to USD 967.8 million at the end of the previous quarter. The increase is primarily due to accretion expense for the period. USD 908.5 million relates to the DUC assets, USD 62.6 million to Nini/Cecilie, USD 2.6 million to Lulita and USD 1.8 million to the Tyra F-3 pipeline. The Nini/Cecilie asset retirement obligation is secured through an escrow account of USD 62.6 million.

**Total current liabilities** amounted to USD 421.8 million at the end of second quarter of 2023 compared to USD 462.7 million last quarter. Decrease relates to reduced value of derivatives due to volume used in current quarter, decrease in taxes payables due to the repayment of tax benefit related to chapter 3b partly offset by tax payable for the period and a reduction in trade payables. Total current liabilities consist of USD 236.8 million in taxes payable, USD 57.6 million of current derivatives related to oil price hedges (non-current amounted to USD 43.6 million), USD 75.0 million in liabilities to DUC operator, USD 14.2 million related to VAT payable, USD 24.1 million in accrued cost including accrued interest expenses and USD 0.2 million related to trade payables.

## Selected data from the consolidated statement of cash flows

USD million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Cash flow from operating activities	58.2	156.6	183.4	214.8	270.4
Cash flow used in investing activities	(86.0)	(86.6)	(65.8)	(172.6)	(120.4)
Cash flow from financing activities	(16.0)	(9.8)	(22.6)	(25.8)	(30.7)
Net change in cash and cash equivalents	(43.8)	60.2	95.1	16.4	119.3
Cash and cash equivalents	284.7	328.5	241.9	284.7	241.9

**Cash flow from operating activities** amounted to USD 58.2 million for the second quarter of 2023, compared to USD 156.6 million for the previous quarter. The decrease was mainly related lower gas revenue and a tax payment of USD 40.4 million in repayment of tax benefit related to chapter 3b, in addition previous quarter had a positive effect from working capital of USD 34.0 million compared to a negative effect of USD 1.3 million in current quarter, this includes changes on trade payables, pre-payments and a reduction in the under-lift position on oil. Cash flow from operating activities excluding changes in working capital amounted to USD 59.5 million for the second quarter of 2023, compared to USD 122.6 million for the previous quarter.

**Cash flow used in investing activities** amounted to an outflow of USD 86.0 million for the quarter, compared to USD 86.6 million for the previous quarter. The cash flow used in investing activities was mainly related to investments in the DUC asset of which USD 53.4 million related to the Tyra Redevelopment, USD 14.6 million in preparation work related to the Tyra satellites, USD 9.0 million for the ongoing drilling of infill well on Halfdan, USD 2.9 million on Dan related to Halfdan reroute and USD 5.1 million in abandonment cost on related to Halfdan slot recovery and preparation work on Dan.

**Cash flow from financing activities** amounted to an outflow of USD 16.0 million for the second quarter of 2023, compared to USD 9.8 million for the previous quarter. Higher cost in the current quarter related to interest payment on BNOR14.

**Net change in cash and cash equivalents** amounted to negative USD 43.8 million at the end of the quarter compared to positive USD 60.2 million for the previous quarter. Cash and cash equivalents were in total USD284.7 million at the end of second quarter 2023.

## Financial Risk Mitigation

The Company actively seeks to reduce exposure to the risk of fluctuating commodity prices, in addition to interest rate and foreign exchange risk were considered appropriate through the establishment of hedging arrangements. To achieve this, BlueNord has executed a hedging policy in the market and entered into forward contracts. More details on BlueNord's hedging policy can be found in note 13.4 as well as further detail on BlueNord's financial risk management is outlined in note 2 to the financial statements in the 2022 Annual Report which is available at [www.bluenord.com/reports-and-presentations/](http://www.bluenord.com/reports-and-presentations/).

The table below summarises the quantity of volume hedged and average price at the end of the second quarter.

	Volume hedged oil (boe)	Average hedged price (\$/bbl)	Volume hedged gas (MWh)	Average hedged price (EUR/MWh)
2023 (Jul-Dec)	1,740,210	55.5	690,000	118.9
2024	3,264,000	65.0	630,000	83.5
2025	1,830,000	71.8	-	-





# Operational Review

## Production

Key figures	Unit	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Dan hub	mboepd	7.0	8.1	8.3	7.6	8.3
Gorm hub	mboepd	4.3	4.4	4.6	4.3	5.0
Halfdan hub	mboepd	12.3	14.1	13.5	13.1	14.2
Tyra hub	mboepd	-	-	-	-	-
<b>Total production</b>	<b>mboepd</b>	<b>23.6</b>	<b>26.6</b>	<b>26.5</b>	<b>24.9</b>	<b>27.5</b>
Over/under-lift	mboepd	3.5	(0.3)	4.0	1.7	0.8
<b>Net sales</b>	<b>mboepd</b>	<b>27.1</b>	<b>26.3</b>	<b>30.5</b>	<b>26.7</b>	<b>28.3</b>
Oil sales	mboepd	21.4	19.6	24.8	20.5	22.3
Gas sales	mboepd	5.7	6.7	5.7	6.2	6.0
<b>Operating efficiency<sup>1)</sup></b>	<b>%</b>	<b>82.0 %</b>	<b>89.0 %</b>	<b>90.9 %</b>	<b>85.0 %</b>	<b>91.8 %</b>

1) Operating efficiency is calculated as: delivered production / (delivered production + planned shortfalls + unplanned shortfalls), Nogat shutdown in September included in the Operating efficiency for 2022

Average production in Q2 2023 was slightly above the top end of the second quarter guidance of 22.5-23.5 mboepd. This is mainly due to the Dan full field shutdown for the Halfdan reroute work was completed ahead of schedule and with less impact on both Dan and Halfdan production. Further, seven wells on the Dan field were restimulated in March and eight wells in May and 13 wells on Gorm were restimulated in June. The overall performance from the three hubs were stronger than expected during the second quarter, and as a result, BlueNord announced an upward revision of its quarterly production guidance on 7 June 2023.

### Dan hub

Second quarter average production was higher than expected mainly due to higher well potential following restimulation of seven wells in March, and eight wells in May. The production in May 2023 was significantly less impacted by the full field shutdown for the work related to rerouting of Halfdan oil to Dan to reduce routine flaring on Gorm. The work was completed in fewer days than planned and with less production impact.

Seven interventions have been carried out by the WROM rig YTD 2023 and 11 more interventions are planned with the rig for the remaining of 2023, including the restimulations.

### Gorm hub

Second quarter average production was slightly higher than expected. This was the result of higher well potential after Gorm scale squeeze and restimulations carried out in November 2022 and June 2023. In June, there were shortfalls in the Gorm hub production due to compressor and gas module maintenance. However, due to the positive effect of the restimulations the production remained above expectation.

**Halfdan hub**

Second quarter average production was slightly higher than expected mainly because the full field shutdown on Dan was completed in fewer days and with less impact on the Halfdan production than originally expected. One workover was completed in the second quarter by the Shelf Drilling Winner which had a slight impact on production. The rig has moved to infill drilling on the Halfdan North East field.

**Tyra hub**

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 and unlock gross reserves in excess of 200 mmmboe. Tyra II will decrease direct field opex to below USD 13 per barrel and lower emissions at the field by 30 percent. In addition, the project will extend field life by 25 years. With Tyra’s gas contribution from winter 23/24, Denmark will be self-sufficient and at the same time be able to export surplus gas to the EU.

**Field Development**

**Tyra Redevelopment Q2 2023 Highlights**

Significant physical progress made with highlight of the quarter the completion of all 18 Tyra East risers tie-in and the well reinstatement progressing according to plan. In addition, significant progress was made on the Gas Turbine Gas Power Generators where two of the generators are now available. All cranes are in operation and the operator TotalEnergies is reporting improved offshore productivity.

**Tyra East Wellhead and Riser Platforms**

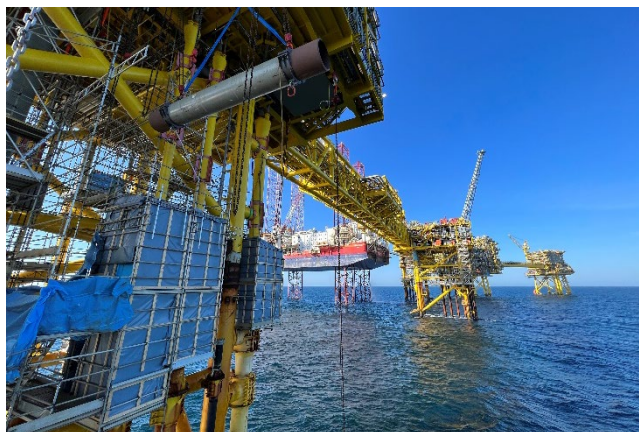
- Upmanning completed after derogation for 64 additional beds on Haven flotel received
- Well reinstatement completed on TEB & TEC (19 out of 19 wells reinstated) according to plan
- 30” gas export riser tie-in completed, and the entire riser installation scope completed
- Fender installation ongoing
- Completed all piping connection on bridge nodes

**TEG Processing Platform**

- Sea Water Lift Pumps installed
- All compression bundles onboard
- Started mobilization of Leak Test campaign
- Started execution of Hydrotest campaign
- Excellent progress made on the Gas Turbine Power Generators:
  - Two Gas Turbine Power Generators available as of 5<sup>th</sup> of July
  - GTG #3 has been installed

**Tyra West and Satellite Reinstatement**

- Good progress on Tyra West construction during the quarter
- All well head access decks are elevated, progressing on track for wells’ reinstatement activities
- Complete pulling and laying of seabed power umbilical between TEG and TW
- Started Harald reinstatement campaign and progress ahead of plan (>50%)
- Started Mobilization for unmanned Satellite reinstatement campaign



Tyra connection to Denmark – spool installation



TEG export compressor bundle installation

### Infill drilling

Final Investment Decision (FID) was announced in December 2022 on two infill wells drilled from Halfdan. The wells will be utilizing existing slots on Halfdan A (HBA). The jack-up rig Shelf Drilling Winner was moved to the Halfdan A platform on the 28th of April in preparation for infill drilling.

The P&A and slot recovery work on the first well HBA–27A has been completed, and first well was successfully spudded 6<sup>th</sup> of June 2023.

Start of production from the first Halfdan Tor North East well is expected during autumn of 2023.

### Elly and Luke discoveries

As announced on the 12<sup>th</sup> of April, BlueNord submitted a license application to secure acreage in Denmark containing the two Jurassic gas discoveries Elly and Luke with estimated resource range between 20 and 70 mmboe. Award of license is expected before the end of 2023.

A Final Investment Decision is planned to be taken in 2026 if technical studies and macroeconomic conditions confirm a commercial development.

### Semco Strategic Partnership

Semco Maritime is a Danish engineering and contracting company with more than 40 years of experience in the offshore industry and currently engaged in offshore operations across Denmark, Norway, and the UK.

This strategic partnership is an important step in potentially pursuing opportunities across various maturity phases from exploration work over investigation efforts to preparation and actual execution and operation and will provide BlueNord with access to specialist competence in offshore operations and construction and help BlueNord to maximise value from existing assets in the DUC as well as enable entry into new opportunities like Elly and Luke.





## Health, Safety and the Environment

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 BlueNord's operations and business performance.

BlueNord puts emphasis on its employees performing company activities in line with the principles of business integrity and with respect for people and the environment.

At BlueNord we work actively to reduce our carbon footprint while contributing to energy security. During the second quarter of 2023, BlueNord and its partners in the DUC successfully progressed the rerouting of Halfdan oil to Dan. The reroute will completely eliminate routine flaring in the DUC in Q3 2023. Blue Nord is currently assessing additional emissions reduction initiatives for its currently producing assets and for future activities.

Since 2022, BlueNord has invested in CarbonCuts, an independent early-stage CCS company in Denmark. BlueNord is involved by providing financial, technical and commercial support for an early-stage feasibility study for onshore CO2 storage. BlueNord is also involved in offshore CCS through Project Bifrost, a partnership between Ørsted, the DUC and DTU.

For more information on the Company's work, including the work of the ESG Committee, please see the Sustainability section page 34 – 55 and ESG Committee Report on page 80 in the 2022 Annual Report available on [www.bluenord.com/reports-and-presentations/](http://www.bluenord.com/reports-and-presentations/).

## Risks and uncertainties

The material known risks and uncertainties faced by BlueNord are described in detail in the section headed 'Risk Management Framework' on page 56 of the 2022 Annual Report which is available at [www.bluenord.com/reports-and-presentations/](http://www.bluenord.com/reports-and-presentations/). These have not changed materially since publication. There are several risks and uncertainties that could have a material impact on BlueNord's performance and financial position.

Key headline risks relate to the following:

- Oil and gas production and reserves
- Project delivery, including Tyra redevelopment project
- Decommissioning estimates
- Financial risks including, commodity prices, foreign currency exposure, access to capital and interest rate risk
- Cyber security
- Changes in environmental and tax legislation

## Governance and organization

The number of employees was 34 at the end of the second quarter.

The governance of BlueNord ASA is described in detail in the section headed 'Governance report' on page 66-87 of the 2022 Annual Report which is available at [www.bluenord.com/reports-and-presentations/](http://www.bluenord.com/reports-and-presentations/).

## Outlook

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 pro-active steps taken by the operator of the DUC.

As a response to the challenges in the European gas markets, BlueNord has together with its partners in the DUC identified several infill well opportunities. Final Investment Decision ("FID") taken on two infill wells in the Halfdan East area with an expected capital investment of c. USD 13 per boe of reserves. FID's on two other infill wells are expected in 2023. BlueNord currently expects the capital investment required for these wells to be c. USD 10 per boe of reserves, however this will be further defined on sanction where the impact of the current supply-side environment will be fully reflected. These wells will further increase the gas output from the DUC and help BlueNord meet its objective of supporting Energy Security in Denmark and the EU.

The onshore construction and offshore installation phases of the Tyra Redevelopment Project are now complete, with the hook-up and commissioning phase now progressing and first gas expected by winter 2023 / 2024. 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 production to be impacted by high maintenance and activity levels in Q3 2023, as reflected in guidance for the quarter.

Production	Unit	Guidance 2023	2022
Q3	mboepd	24.0 - 25.0	25.1
Q4	mboepd	26.0 - 27.0	26.9



# Report for First Half 2023

Key figures	Unit	YTD 2023	YTD 2022
Total production	mboepd	24.9	27.5
Effective Oil price	USD/boe	63.5	76.0
Effective Gas price	EUR/MWh	84.9	66.5
Total revenue	USDm	411.2	443.7
EBITDA	USDm	220.2	273.8
Net result for the period	USDm	61.0	(94.2)
Cash flow from operating activities	USDm	214.8	270.4
Total liquidity	USDm	484.7	341.9
Net interest-bearing debt	USDm	910.0	1,018.7

**Net production** of 24.9 mboepd in the first half of 2023, was in the higher range of BlueNord's annual guidance. This compared to 27.5 mboepd for the same period in 2022, with the difference between the periods mainly driven by the difference in operating efficiency. In the first half of 2023 the operating efficiency was at 85.0%, driven by shortfalls in connection to the Halfdan re-route and well workover activities. The operating efficiency in 2022 was exceptionally high at 91.8%.

**Effective Oil price** of 63.5 USD/boe for the first half of 2023 compared to 76.0 USD/boe for the same period last year. The decrease was related to the current commodity prices level.

**Effective Gas price** of 84.9 EUR/MWh for the first half of 2023 compared to 66.5 EUR/MWh for the same period last year. The increase was related to hedges in place at favourable prices.

During the first six months of 2023, the company reported **consolidated revenues** of USD 411.2 million compared to USD 443.7 million for the same period last year. Lower comparable revenue was a function of both decreased production volumes and effective commodity prices.

**Production cost** for oil and gas sold was USD 175.2 million in the first half of 2023 compared to USD 157.1 million for the same period last year. The increase compared to last year is related to well activities such as "Well Reservoir Opportunity Management" (WROM), well workovers and increased maintenance cost.

**Operating result (EBITDA)** amounted to USD 220.2 million for the first half of 2023 compared to USD 273.8 million for the same period last year. **Net result** for the first half year 2023 was USD 61.0 compared to a net loss of USD 94.2 million for the first half year 2022.

**Cash flow from operating** activities amounted to USD 214.8 million in the first half of 2023 compared to USD 270.4 million in the same period last year. The decrease is mainly related to lower revenue and higher production costs in 2023, this is partly offset by changes in working capital. In addition, 2023 includes a repayment of tax benefit related to chapter 3b in June.

**Total liquidity** of USD 484.7 million at the end of the first half of 2023 with cash on balance sheet of USD 284.7 million and undrawn RBL capacity of USD 200 million.

As of 30 June 2023, the company had **net interest-bearing debt** of USD 910.0 million.



# Responsibility Statement

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Norwegian Energy Company ASA condensed consolidated financial statements as of 30 June 2023.

To the best of our knowledge, we confirm that:

- the BlueNord ASA condensed consolidated financial statements for 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU), and additional Norwegian disclosure requirements in the Norwegian Accounting act, and that
- the report has been prepared in accordance with applicable financial reporting standards, and that
- the information presented in the financial statements gives a true and fair view of the Group's assets, liabilities, financial position and results for the period viewed, and that
- the report, together with the yearly report, gives a true and fair view of the development, performance, financial position, principal risks and uncertainties of the Group.

Oslo, 11 July 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



02



# Condensed Consolidated Statement of Comprehensive Income

## Income statement

USD million	Note	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Revenue	2	190.7	220.5	264.6	411.2	443.7
<b>Total revenues</b>		<b>190.7</b>	<b>220.5</b>	<b>264.6</b>	<b>411.2</b>	<b>443.7</b>
Production expenses	3	(82.9)	(92.3)	(90.2)	(175.2)	(157.1)
Exploration and evaluation expenses		(0.2)	(0.3)	(0.1)	(0.5)	0.1
Personnel expenses		(3.9)	(3.8)	(2.9)	(7.8)	(5.2)
Other operating expenses		(5.0)	(2.6)	(4.5)	(7.6)	(7.7)
<b>Total operating expenses</b>		<b>(92.0)</b>	<b>(99.0)</b>	<b>(97.6)</b>	<b>(191.0)</b>	<b>(169.9)</b>
<b>Operating result (EBITDA)</b>		<b>98.7</b>	<b>121.6</b>	<b>167.0</b>	<b>220.2</b>	<b>273.8</b>
Depreciation/amortisation	7	(25.0)	(26.1)	(34.7)	(51.0)	(71.7)
<b>Net operating result (EBIT)</b>		<b>73.7</b>	<b>95.5</b>	<b>132.3</b>	<b>169.2</b>	<b>202.0</b>
Financial income	4	5.1	16.1	6.7	11.0	11.5
Financial expenses	4	(47.8)	(37.7)	(97.1)	(75.3)	(188.7)
<b>Net financial items</b>		<b>(42.6)</b>	<b>(21.6)</b>	<b>(90.3)</b>	<b>(64.3)</b>	<b>(177.1)</b>
<b>Result before tax (EBT)</b>		<b>31.1</b>	<b>73.9</b>	<b>42.0</b>	<b>104.9</b>	<b>24.9</b>
Income tax benefit/(expense)	5	(11.7)	(32.3)	(91.3)	(43.9)	(119.1)
<b>Net result for the period</b>		<b>19.4</b>	<b>41.6</b>	<b>(49.3)</b>	<b>61.0</b>	<b>(94.2)</b>
Basic earnings/loss USD per share		0.7	1.6	(2.0)	2.4	(3.9)
Diluted earnings/loss USD per share		0.7	1.1	(2.0)	2.3	(3.9)
Weighted average no. of shares outstanding, basic		26,064,882	25,927,137	24,676,836	25,995,625	24,417,894
Weighted average no. of shares outstanding, diluted		32,466,853	32,569,834	30,680,574	32,397,596	30,421,632

## Statement of comprehensive income

USD million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Net result for the period	19.4	41.6	(49.3)	61.0	(94.2)
<b>Other comprehensive income (net of tax):</b>					
Items that may subseq. be reclassified to profit or loss:					
Realized cash flow hedge	(3.3)	(7.3)	77.7	(10.7)	154.6
Related tax - realized cash flow hedge	2.1	4.7	(49.7)	6.8	(98.9)
Changes in fair value	21.1	55.6	(31.3)	76.7	(254.4)
Related tax - changes in fair value	(14.0)	(37.7)	25.5	(51.7)	179.1
Currency translation adjustment	0.3	0.7	(2.5)	1.0	(3.2)
<b>Total other comprehensive income (net of tax)</b>	<b>6.2</b>	<b>16.0</b>	<b>19.7</b>	<b>22.1</b>	<b>(22.9)</b>
<b>Total comprehensive income (net of tax)</b>	<b>25.6</b>	<b>57.6</b>	<b>(29.6)</b>	<b>83.2</b>	<b>(117.1)</b>



# Condensed Consolidated Statement of Financial Position

USD million	Note	30.06.2023	31.03.2023	31.12.2022	30.06.2022
<b>Non-current assets</b>					
Exploration & evaluation assets	6	155.0	156.6	160.4	162.4
Deferred tax assets	5	328.1	325.2	348.8	515.2
Property, plant and equipment	7	2,007.6	1,949.9	1,911.9	1,944.2
Right of Use asset		1.9	2.0	0.9	0.5
Restricted cash	10, 13	207.9	206.3	203.7	200.1
Receivables non-current	8	2.3	2.2	0.8	-
Derivative instruments	13	4.0	17.2	33.7	52.7
<b>Total non-current assets</b>		<b>2,706.7</b>	<b>2,659.5</b>	<b>2,660.1</b>	<b>2,875.2</b>
<b>Current assets</b>					
Derivative instruments	13	121.7	132.4	130.9	6.1
Trade receivables and other current assets	8	97.2	91.9	128.6	118.2
Inventories	9	53.2	61.8	55.9	53.8
Bank deposits, cash and cash equivalents	10	284.7	328.5	268.4	241.9
<b>Total current assets</b>		<b>556.9</b>	<b>614.6</b>	<b>583.9</b>	<b>420.0</b>
<b>Total assets</b>		<b>3,263.6</b>	<b>3,274.1</b>	<b>3,244.0</b>	<b>3,295.2</b>
<b>Equity</b>					
Share capital	15	1.7	1.7	1.7	5.5
Other equity		708.9	682.2	600.8	426.7
<b>Total equity</b>		<b>710.6</b>	<b>683.9</b>	<b>602.5</b>	<b>432.2</b>
<b>Non-current liabilities</b>					
Asset retirement obligations	14	961.6	954.2	946.1	1,018.5
Convertible bond loans	11, 13	189.3	181.4	188.7	143.7
Bond loan	11, 13	167.9	171.3	166.9	165.8
Reserve-based lending facility	11, 13	767.4	765.7	764.0	860.7
Derivative instruments	13	43.6	53.3	90.4	233.3
Other non-current liabilities	11	1.6	1.7	0.7	0.4
<b>Total non-current liabilities</b>		<b>2,131.3</b>	<b>2,127.5</b>	<b>2,156.8</b>	<b>2,422.4</b>
<b>Current liabilities</b>					
Asset retirement obligations	14	13.9	13.6	9.8	22.1
Tax payable	5	236.8	250.8	209.0	49.6
Derivative instruments	13	57.6	79.3	125.3	216.3
Trade payables and other current liabilities	12, 11	113.5	119.1	140.6	152.6
<b>Total current liabilities</b>		<b>421.8</b>	<b>462.7</b>	<b>484.7</b>	<b>440.6</b>
<b>Total liabilities</b>		<b>2,553.0</b>	<b>2,590.2</b>	<b>2,641.5</b>	<b>2,863.0</b>
<b>Total equity and liabilities</b>		<b>3,263.6</b>	<b>3,274.1</b>	<b>3,244.0</b>	<b>3,295.2</b>

# Condensed Consolidated Statement of Changes in Equity

USD million	Share capital	Share premium fund	Treasury share reserve	Currency translation fund	Cash flow hedge reserve	Other equity	Total equity
<b>2022</b>							
<b>Equity as of 01.01.2022</b>	<b>29.5</b>	<b>707.0</b>	<b>(0.5)</b>	<b>2.6</b>	<b>(67.5)</b>	<b>(179.0)</b>	<b>492.1</b>
Net result for the period						(94.2)	(94.2)
<b>Other comprehensive income</b>							
Realized cash flow hedge	-	-	-	-	154.6	-	154.6
Related tax - realized cash flow hedge	-	-	-	-	(98.9)	-	(98.9)
Changes in fair value	-	-	-	-	(254.4)	-	(254.4)
Related tax - changes in fair value	-	-	-	-	179.1	-	179.1
Currency translation adjustments	-	-	-	(3.2)	-	-	(3.2)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.2)</b>	<b>(19.7)</b>	<b>-</b>	<b>(22.9)</b>
Issue of shares	1.3	30.5	-	-	-	-	31.8
Capital reduction, approved and registered	(25.4)	25.4	-	-	-	-	-
Settlement derivatives/conversion NOR13	-	-	-	-	-	20.1	20.1
Share-based incentive program	-	-	-	-	-	0.1	0.1
Share buyback	-	-	0.3	-	-	4.9	5.2
<b>Total transactions with owners for the period</b>	<b>(24.0)</b>	<b>55.9</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>25.0</b>	<b>57.2</b>
<b>Equity as of 30.06.2022</b>	<b>5.5</b>	<b>762.9</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>(87.1)</b>	<b>(248.1)</b>	<b>432.2</b>
<b>2023</b>							
<b>Equity as of 01.01.2023</b>	<b>1.7</b>	<b>768.4</b>	<b>(0.1)</b>	<b>0.5</b>	<b>13.9</b>	<b>(181.9)</b>	<b>602.5</b>
Net result for the period						61.0	61.0
<b>Other comprehensive income</b>							
Realized cash flow hedge	-	-	-	-	(10.7)	-	(10.7)
Related tax - realized cash flow hedge	-	-	-	-	6.8	-	6.8
Changes in fair value	-	-	-	-	76.7	-	76.7
Related tax - changes in fair value	-	-	-	-	(51.7)	-	(51.7)
Currency translation adjustments	-	-	-	1.0	-	-	1.0
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>21.1</b>	<b>-</b>	<b>22.1</b>
Issue of shares	-	-	-	-	-	-	-
Capital reduction, approved and registered	-	-	-	-	-	-	-
Settlement derivatives/conversion NOR13/NOR15	0.0	13.8	-	-	-	8.9	22.7
Transaction cost equity issue	-	-	-	-	-	-	-
Share-based incentive program	-	-	-	-	-	2.3	2.3
Sale of shares	-	-	-	-	-	-	-
<b>Total transactions with owners for the period</b>	<b>0.0</b>	<b>13.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.2</b>	<b>25.0</b>
<b>Equity as of 30.06.2023</b>	<b>1.7</b>	<b>782.2</b>	<b>(0.1)</b>	<b>1.5</b>	<b>35.0</b>	<b>(109.7)</b>	<b>710.6</b>

# Condensed Consolidated Statement of Cash Flows

USD million	Note	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
<b>Cash flows from operating activities</b>						
Net result for the period		19.4	41.6	(49.3)	61.0	(94.2)
<b>Adjustments for:</b>						
Income tax benefit/(expense)	5	11.7	32.3	91.3	43.9	119.1
Tax paid/received		(40.4)	0.0	(0.1)	(40.4)	5.7
Depreciation	7	25.0	26.1	34.7	51.0	71.7
Share-based payments expenses		1.2	1.1	0.0	2.3	(0.0)
Net financial item	4	42.6	21.6	94.4	64.3	182.5
Net gain on sale of assets		-	-	-	-	(0.2)
<b>Changes in:</b>						
Trade receivable	8	(13.0)	30.1	(0.6)	17.1	(19.4)
Trade payables	12	(4.5)	3.1	(7.2)	(1.4)	(8.7)
Inventories and spare parts	9	8.5	(5.8)	3.4	2.7	(2.3)
Prepayments	8	4.9	3.6	4.8	8.5	8.9
Over/under-lift	8, 12	2.7	3.0	11.9	5.7	7.3
Other current balance sheet items		0.0	(0.0)	0.0	(0.0)	0.0
<b>Net cash flow from operating activities</b>		<b>58.2</b>	<b>156.6</b>	<b>183.4</b>	<b>214.8</b>	<b>270.4</b>
<b>Cash flows from investing activities</b>						
Consideration sale of asset		-	-	-	-	0.3
Deferred consideration	8	-	(25.0)	-	(25.0)	-
Investment in oil and gas assets	7	(80.9)	(62.0)	(61.0)	(142.9)	(113.5)
Investment in exploration & evaluation assets		-	1.9	-	1.9	(0.5)
Abandonment paid		(5.1)	(1.5)	(4.7)	(6.6)	(6.7)
<b>Net cash flow from investing activities</b>		<b>(86.0)</b>	<b>(86.6)</b>	<b>(65.8)</b>	<b>(172.6)</b>	<b>(120.4)</b>
<b>Cash flows from financing activities</b>						
Issue of long-term loans	11	-	(1.4)	-	(1.4)	-
Lease payments		(0.1)	(0.2)	(0.3)	(0.3)	(0.4)
Sale of shares		-	-	1.8	-	5.2
Interest and financing costs		(16.6)	(9.3)	(19.2)	(25.9)	(29.1)
Other financial items		0.8	1.1	(4.9)	1.8	(6.4)
<b>Net cash flow from financing activities</b>		<b>(16.0)</b>	<b>(9.8)</b>	<b>(22.6)</b>	<b>(25.8)</b>	<b>(30.7)</b>
Net change in cash and cash equivalents		(43.8)	60.2	95.1	16.4	119.3
Cash and cash equivalents at the start of the period		328.5	268.4	146.8	268.4	122.6
<b>Cash and cash equivalents at end of the period</b>		<b>284.7</b>	<b>328.5</b>	<b>241.9</b>	<b>284.7</b>	<b>241.9</b>



# Notes



03

# Notes

## 1 Accounting principles

BlueNord 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.

### Basis for preparation

The interim condensed consolidated financial statements (the interim financial statements) for the second quarter of 2023 comprise of BlueNord ASA (BlueNord) and its subsidiaries. These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The interim financial statements do not include all the information and disclosures required to represent a complete set of financial statements, and these interim financial statements should be read in conjunction with the annual financial statements. The interim financial statements are unaudited. The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding. The interim financial statements for the second quarter of 2023 were approved by the Board of Directors on 11 July 2023.

### Going concern

The Board of Directors confirms that the interim financial statements have been prepared under the presumption of going concern, and that this is the basis for the preparation of these interim financial statements. The financial solidity and the Company's cash and working capital position are considered satisfactory in regards of the planned activity level until Q4 2024.

### Reference to summary of significant accounting policies

These interim financial statements are prepared using the same accounting principles as the annual financial statements for 2022.

For the full summary of significant accounting policies, reference is made to the annual financial statements for 2022.

### Critical accounting estimates and judgements

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 significant judgements made in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

## 2 Revenue

USD million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Sale of oil	122.3	113.0	184.5	235.3	306.1
Sale of gas and NGL	67.6	106.6	78.7	174.2	134.3
Other income	0.8	0.9	1.4	1.7	3.3
<b>Total revenue</b>	<b>190.7</b>	<b>220.5</b>	<b>264.6</b>	<b>411.2</b>	<b>443.7</b>
Oil lifted volumes (mmbbl)	1.95	1.76	2.26	3.71	4.03
<b>Effective Oil price USD/bbl<sup>1)</sup></b>	<b>62.7</b>	<b>64.3</b>	<b>81.7</b>	<b>63.5</b>	<b>76.0</b>
Gas lifted volumes (mmboe)	0.5	0.6	0.5	1.1	1.1
Effective gas price EUR/MWh	70.9	96.7	83.2	84.9	66.5
<b>Effective gas price USD/boe</b>	<b>130.9</b>	<b>176.1</b>	<b>149.9</b>	<b>155.3</b>	<b>124.0</b>

<sup>1)</sup> See the description of «Alternative performance measures» at the end of this report for definitions.

In the second quarter, BlueNord's sale of oil amounted to USD 122.3 million and sale of gas amounted to USD 67.6 million, realised prices were USD 62.7 per bbl of oil and EUR 70.9 per MWh of gas lifted during the period, adjusted for settlement of price hedges in place with financial institutions.

During the second quarter, the majority of BlueNord's settlement of prices hedges that were put in place with financial institutions in the market matched the physical sale of oil and gas and were recognised as revenue. The minor part that exceeded the physical sale of oil were recognised as financial cost.

## 3 Production expenses

USD million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Direct field opex	(53.5)	(74.9)	(49.4)	(128.4)	(100.6)
Tariff and transportation expenses	(7.1)	(8.7)	(9.8)	(15.8)	(19.8)
Production general and administrative	(3.9)	(3.1)	(9.7)	(7.0)	(19.2)
<b>Field operating cost</b>	<b>(64.5)</b>	<b>(86.7)</b>	<b>(68.9)</b>	<b>(151.2)</b>	<b>(139.6)</b>
Total produced volumes (mmboe)	2.1	2.4	2.4	4.5	5.0
In USD per boe	(30.0)	(36.3)	(28.6)	(33.5)	(28.0)
<b>Adjustments for:</b>					
Concept studies	0.4	(1.9)	-	(1.5)	-
Change in inventory position	(10.5)	5.1	(3.5)	(5.4)	2.7
Over/under-lift of oil and NGL	(2.7)	(3.0)	(11.9)	(5.7)	(7.3)
Insurance & other	(5.2)	(4.9)	(4.8)	(10.1)	(9.5)
Stock scrap	(0.5)	(0.9)	(1.1)	(1.3)	(3.4)
<b>Production expenses</b>	<b>(82.9)</b>	<b>(92.3)</b>	<b>(90.2)</b>	<b>(175.2)</b>	<b>(157.1)</b>

Production expenses for the second quarter directly attributable to the lifting and transportation to market of BlueNord's oil and gas production are in total USD 64.5 million, which equates to USD 30.0 per boe produced during the period compared to USD 36.3 per boe in Q1 2023. All through Q1 the jack-up rig Shelf Drilling Winner was performing workover and the rig was in April moved to drilling the infill wells on Halfdan which is the main reason for the decrease in Field operating cost from Q1 to Q2. Other well work to maintain production continued in the quarter including activities related to well recovery such as "Well Reservoir Opportunity Management" (WROM).



## 4 Financial income and expenses

### Financial income

USD million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Value adjustment interest swap unrealized <sup>1)</sup>	-	-	1.5	-	4.3
Value adjustment embedded derivatives <sup>2)</sup>	-	11.4	-	1.2	-
Volume protection true up	-	0.6	-	0.6	-
Interest income	4.7	3.7	0.3	8.4	0.3
Foreign exchange gains	0.4	0.5	5.0	0.9	6.9
<b>Total financial income</b>	<b>5.1</b>	<b>16.1</b>	<b>6.7</b>	<b>11.0</b>	<b>11.5</b>

### Financial expenses

USD million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Value adjustment interest swap unrealized <sup>1)</sup>	(0.0)	(1.4)	-	(1.5)	-
Value adjustment embedded derivatives <sup>2)</sup>	(10.2)	-	(53.9)	-	(110.5)
Value adjustment foreign exchange contract	(0.6)	-	-	(0.6)	-
Utilisation of derivatives	(0.1)	-	-	(0.1)	-
Interest expense from bond loans	(12.4)	(9.9)	(11.8)	(22.2)	(23.4)
Interest expense from bank debt <sup>3)</sup>	(9.3)	(11.2)	(12.6)	(20.5)	(25.1)
Interest expenses current liabilities	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Accretion expense related to asset retirement obligations	(12.3)	(12.3)	(14.3)	(24.6)	(23.9)
Extinguishment of bonds loans	-	(0.0)	-	(0.0)	-
Foreign exchange losses	(2.0)	(2.1)	(3.5)	(4.1)	(3.9)
Other financial expenses	(0.9)	(0.8)	(0.9)	(1.8)	(1.8)
<b>Total financial expenses</b>	<b>(47.8)</b>	<b>(37.7)</b>	<b>(97.1)</b>	<b>(75.3)</b>	<b>(188.7)</b>
<b>Net financial items</b>	<b>(42.6)</b>	<b>(21.6)</b>	<b>(90.3)</b>	<b>(64.3)</b>	<b>(177.1)</b>

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 realized interest swap

## 5 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.

### Tax expense

#### USD million

Income tax in profit/loss (Danish corporate income tax and hydrocarbon tax)	Q2 2023	YTD 2023
Income tax current year	(14.1)	(40.8)
Solidarity contribution, current	(12.5)	(27.5)
Income tax for prior years	-	-
<b>Current income tax</b>	<b>(26.6)</b>	<b>(68.4)</b>
Deferred tax movements	(3.6)	(9.1)
Solidarity contribution, deferred	12.5	27.5
Prior year adjustment, deferred tax	6.0	6.0
<b>Deferred tax expense</b>	<b>14.9</b>	<b>24.4</b>
<b>Tax (expense)/ income</b>	<b>(11.7)</b>	<b>(43.9)</b>

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	(11.9)	(44.9)
<b>Tax (expense)/income related to OCI</b>	<b>(11.9)</b>	<b>(44.9)</b>

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, result from cash flow hedges is subject to 64 percent hydrocarbon tax.

Reconciliation of nominal to actual tax rate:	Hydrocarbon tax 64%		Corporate tax 22%		In total
	Q2 2023		Q2 2023		
Result before tax	35.9		(4.8)		31.1
<b>Expected tax on profit before tax</b>	<b>23.0</b>	<b>64%</b>	<b>(1.1)</b>	<b>22%</b>	<b>21.9</b>
<b>Tax effect of:</b>					
Prior year adjustment	(6.0)	-17%	-	0%	(6.0)
Repayment of tax benefit related to chapter 3b <sup>2)</sup>	-	0%	-	0%	-
Investment uplift on CAPEX projects <sup>3)</sup>	(10.1)	-28%	-	0%	(10.1)
Permanent differences	1.9	5%	2.0	-43%	4.0
No recognition of tax assets in Norway and UK	-	0%	1.9	-40%	1.9
<b>Tax expense (income) in profit/loss</b>	<b>8.8</b>	<b>24%</b>	<b>2.9</b>	<b>61%</b>	<b>11.7</b>

Reconciliation of nominal to actual tax rate, continues:	Hydrocarbon tax 64%		Corporate tax 22%		In total
	YTD 2023		YTD 2023		
Result before tax	92.1		12.8		104.9
<b>Expected tax on profit before tax</b>	<b>59.0</b>	<b>64%</b>	<b>2.8</b>	<b>22%</b>	<b>61.8</b>
<b>Tax effect of:</b>					
Prior year adjustment	(6.0)	-7%	-	0%	(6.0)
Repayment of tax benefit related to chapter 3b <sup>2)</sup>	-	0%	-	0%	-
Investment uplift on CAPEX projects <sup>3)</sup>	(18.7)	-20%	-	0%	(18.7)
Permanent differences	5.1	6%	(0.5)	-4%	4.7
No recognition of tax assets in Norway and UK	-	0%	2.3	-18%	2.3
<b>Tax expense (income) in profit/loss</b>	<b>39.3</b>	<b>43%</b>	<b>4.6</b>	<b>-36%</b>	<b>43.9</b>

1) Deferred tax movement no cash effect.

2) From 2022 and 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 2023, BlueNord estimates USD 0 million year to date.

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

	Q2 2023		Q2 2023		In total
OCI before tax	18.9		(1.2)		17.8
<b>Expected tax on OCI before tax</b>	<b>(12.1)</b>	<b>64%</b>	<b>0.3</b>	<b>22%</b>	<b>(11.9)</b>
<b>Tax effect of:</b>					
Non-taxable currency translation adjustment	-		-		-
<b>Tax in OCI</b>	<b>(12.1)</b>	<b>64%</b>	<b>0.3</b>	<b>22%</b>	<b>(11.9)</b>

	YTD 2023		YTD 2023		In total
OCI before tax	72.3		(6.3)		66.1
<b>Expected tax on OCI before tax</b>	<b>(46.3)</b>	<b>64%</b>	<b>1.4</b>	<b>22%</b>	<b>(44.9)</b>
<b>Tax effect of:</b>					
Non-taxable currency translation adjustment	-		-		-
<b>Tax in OCI</b>	<b>(46.3)</b>	<b>64%</b>	<b>1.4</b>	<b>22%</b>	<b>(44.9)</b>

#### Current income tax payable

Tax payable relates to the Group's entities in Denmark. The amounts payable as of 30.06.2023 were:

Hydrocarbon tax pertaining to pre-acquisition period 2019 not indemnified by the Seller	(10.2)
Corporate tax for 2022 and 2023 (Denmark)	(18.3)
Hydrocarbon tax for 2022 and 2023 (Denmark)	(162.8)
Hydrocarbon tax for prior years	(27.5)
Repayment of tax benefit related to chapter 3b	(18.0)
<b>Tax payables</b>	<b>(236.8)</b>

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 236.8 million, of which USD 224.0 million is an actual cash payable to be paid in 2023/2024.



## Notes continued

As of 30 June 2023, 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 recognized deferred tax asset is allocable to the following balance sheet items, all pertaining to the Group's activities on the Danish continental shelf:

USD million		Effect recognized in P&L	Effect recognized in OCI	
<b>Deferred tax and deferred tax asset</b>	01.01.2023			<b>30.06.2023</b>
Property, plant and equipment	636.1	10.2	-	646.3
Intangible assets, licences	25.1	4.3	-	29.4
Inventories and receivables	29.3		-	29.3
Asset retirement obligation (ARO)	(564.5)	(12.5)	-	(577.0)
Other assets and liabilities	(2.8)	(0.8)	-	(3.6)
Tax loss carryforward, corporate tax (22%)			-	-
Tax loss carryforward, chapter 2 tax (25%)	(0.1)	(0.0)	-	(0.2)
Tax loss carryforward, chapter 3a tax (52%)	(471.9)	(25.5)	45.2	(452.3)
<b>Deferred tax asset, net</b>	<b>(348.8)</b>	<b>(24.4)</b>	<b>45.2</b>	<b>(328.1)</b>

## 6 Intangible assets

USD million	Capitalised exploration expenditures	Conceptual studies	Licence	<b>Total</b>
<b>Book value 31.12.21</b>	<b>1.8</b>	<b>1.9</b>	<b>156.6</b>	<b>160.4</b>
Acquisition costs 31.12.21	1.8	1.9	186.0	189.8
Reclassified to operating expenses	-	(1.9)	-	(1.9)
<b>Acquisition costs 31.03.23</b>	<b>1.8</b>	<b>-</b>	<b>186.0</b>	<b>187.8</b>
Accumulated depreciation and write-downs 31.12.21	-	-	(29.4)	(29.4)
Depreciation/amortisation	-	-	(1.8)	(1.8)
<b>Accumulated depreciation and write-downs 31.03.23</b>	<b>-</b>	<b>-</b>	<b>(31.2)</b>	<b>(31.2)</b>
<b>Book value 31.03.23</b>	<b>1.8</b>	<b>-</b>	<b>154.8</b>	<b>156.6</b>
Acquisition costs 31.03.23	1.8	-	186.0	187.8
<b>Acquisition costs 30.06.23</b>	<b>1.8</b>	<b>-</b>	<b>186.0</b>	<b>187.8</b>
Accumulated depreciation and write-downs 31.03.23	-	-	(31.2)	(31.2)
Depreciation/amortisation	-	-	(1.7)	(1.7)
<b>Accumulated depreciation and write-downs 30.06.23</b>	<b>-</b>	<b>-</b>	<b>(32.8)</b>	<b>(32.8)</b>
<b>Book value 30.06.23</b>	<b>1.8</b>	<b>-</b>	<b>153.1</b>	<b>155.0</b>

## 7 Property, plant and equipment

USD million	Asset under construction	Production facilities	Other assets	Total
<b>Book value 31.12.22</b>	<b>1,050.9</b>	<b>859.6</b>	<b>1.4</b>	<b>1,911.9</b>
Acquisition costs 31.12.22	1,050.9	1,252.5	3.1	2,306.4
Sale of assets	-	-	-	-
Additions	51.5	10.3	0.3	62.0
Revaluation abandonment assets	-	0.1	-	0.1
Currency translation adjustment	-	0.0	0.0	0.1
<b>Acquisition costs 31.03.23</b>	<b>1,102.3</b>	<b>1,262.9</b>	<b>3.3</b>	<b>2,368.6</b>
Accumulated depreciation and write-downs 31.12.22	-	(392.9)	(1.7)	(394.6)
Depreciation	-	(24.1)	(0.1)	(24.1)
Currency translation adjustment	-	(0.0)	(0.0)	(0.0)
<b>Accumulated depreciation and write-downs 31.03.23</b>	<b>-</b>	<b>(417.0)</b>	<b>(1.7)</b>	<b>(418.7)</b>
<b>Book value 31.03.23</b>	<b>1,102.3</b>	<b>845.9</b>	<b>1.6</b>	<b>1,949.9</b>
Acquisition costs 31.03.23	1,102.3	1,262.9	3.3	2,368.6
Additions	75.8	5.0	0.0	80.9
Currency translation adjustment	-	0.0	0.0	0.0
<b>Acquisition costs 30.06.23</b>	<b>1,178.2</b>	<b>1,268.0</b>	<b>3.4</b>	<b>2,449.5</b>
Accumulated depreciation and write-downs 31.03.23	-	(417.0)	(1.7)	(418.7)
Depreciation	-	(23.1)	(0.1)	(23.2)
Currency translation adjustment	-	(0.0)	(0.0)	(0.0)
<b>Accumulated depreciation and write-downs 30.06.23</b>	<b>-</b>	<b>(440.2)</b>	<b>(1.8)</b>	<b>(441.9)</b>
<b>Book value 30.06.23</b>	<b>1,178.2</b>	<b>827.8</b>	<b>1.6</b>	<b>2,007.6</b>

Impairment testing of our asset base is performed periodically and/or when impairment triggers are identified. In Q4 2022 BlueNord carried out a periodical impairment test for the fixed assets and related tangible assets. The outcome of the impairment test was that no impairment was necessary. BlueNord has not identified that there are any indicators of impairment at the current time, consequently the assessment carried out in Q4 2022 remain valid.

## 8 Non-current receivables, trade receivables and other current assets

USD million	30.06.2023	31.03.2023	31.12.2022	30.06.2022
<b>Non-current assets</b>				
Convertible loan CarbonCuts	0.7	0.7	0.2	-
Loan CarbonCuts	1.6	1.6	0.6	-
<b>Total non-current receivables</b>	<b>2.2</b>	<b>2.2</b>	<b>0.8</b>	<b>-</b>
<b>Current assets</b>				
Trade receivables	0.6	0.9	42.1	1.2
Accrued revenue	72.9	63.3	52.3	105.5
Under-lift of oil/NGL	3.2	5.9	8.9	-
Prepayments	15.7	20.6	24.2	11.2
Other receivables	4.8	1.2	1.1	0.3
<b>Total trade receivables and other current receivables</b>	<b>97.2</b>	<b>91.9</b>	<b>128.6</b>	<b>118.2</b>

## 9 Inventories

USD million	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Product inventory, oil	16.2	26.7	21.6	20.4
Other stock (spares & consumables)	37.1	35.1	34.3	33.3
<b>Total inventories</b>	<b>53.2</b>	<b>61.8</b>	<b>55.9</b>	<b>53.8</b>

## 10 Restricted cash, bank deposits, cash and cash equivalents

USD million	30.06.2023	31.03.2023	31.12.2022	30.06.2022
<b>Non-current assets</b>				
Restricted cash pledged as security for abandonment obligation related to Nini/Cecilie	62.6	62.2	61.1	59.4
Restricted cash pledged as security for cash call obligations towards TotalEnergies <sup>2)</sup>	145.2	144.1	142.5	140.6
<b>Total non-current restricted cash</b>	<b>207.9</b>	<b>206.3</b>	<b>203.7</b>	<b>200.1</b>
<b>Current assets</b>				
Unrestricted cash, bank deposits, cash equivalents	284.8	328.6	268.4	241.9
<b>Total bank deposits</b>	<b>492.6</b>	<b>534.9</b>	<b>472.1</b>	<b>442.0</b>

- 1) 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 DUC. All payment obligations from BlueNord to the cash call security account have been made and there will be no further increase.

## 11 Borrowings

USD million	30.06.2023		31.03.2023		31.12.2022		30.06.2022	
	Principal amount	Book value	Principal amount	Book value	Principal amount	Book value	Principal amount	Book value
BNOR13 Convertible Bond <sup>1)</sup>	0.2	0.2	0.2	0.2	13.8	13.1	160.6	143.7
BNOR15 Convertible Bond <sup>2)</sup>	219.5	189.1	213.9	181.2	207.6	175.7	-	-
BNOR14 Senior Unsecured Bond <sup>3)</sup>	175.0	167.9	175.0	171.3	175.0	166.9	175.0	165.8
<b>Total non-current bonds</b>	<b>394.7</b>	<b>357.2</b>	<b>389.1</b>	<b>352.7</b>	<b>396.5</b>	<b>355.6</b>	<b>335.6</b>	<b>309.5</b>
Reserve-based lending facility <sup>4)</sup>	800.0	767.4	800.0	765.7	800.0	764.0	900.0	860.7
<b>Total non-current debt</b>	<b>800.0</b>	<b>767.4</b>	<b>800.0</b>	<b>765.7</b>	<b>800.0</b>	<b>764.0</b>	<b>900.0</b>	<b>860.7</b>
Deferred Consideration <sup>5)</sup>	-	-	-	-	25.0	25.0	25.0	25.0
<b>Total current debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>
<b>Total borrowings</b>	<b>1,194.7</b>	<b>1,124.6</b>	<b>1,189.1</b>	<b>1,118.4</b>	<b>1,221.5</b>	<b>1,144.6</b>	<b>1,260.6</b>	<b>1,195.1</b>

Note: Book values reported on the basis of amortised cost for BNOR14, the reserve-based lending facility and the convertible bond loan element of BNOR13 and BNOR15.

- 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 December 2022, the majority of the remaining convertible loan was transferred into the new convertible instrument, BNOR15 and, of the remaining USD 13.8 million outstanding on 31 December 2022, USD 13.7 million was converted into equity by 26 January 2023. The remaining BNOR13 bond was then subject to the amendments as proposed by the Company in November 2022 and USD 48.2 thousand compensation bonds were issued on 26 January. The amendment to BNOR13 terms aligns the terms of the remaining bond with that of the BNOR15 bond.
- 2) The Company issued a convertible bond loan of USD 207.6 million in December 2022, with a five-year tenor and a conversion to equity or cash settlement after three years (31 December 2025). BNOR15 is made up of a transfer from BNOR13 of USD 151.4 million plus additional compensation bonds of USD 56.2 million. In the same way as BNOR13, 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. Conversion price of USD 51.4307 per share. In Q1 2023 USD 0.1 million was converted into equity.
- 3) The Company issued a senior unsecured bond of USD 175 million in 2019. The bond carries an interest of 9 percent p.a., payable semi-annually. In July 2021, 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 BNOR14 bondholders. Based on this written resolution, the maximum Leverage Ratio has been amended to 7.0x (from 5.0x) 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, 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).
- 4) 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 4.5 percent per annum from February 2023. The amount drawn on 30 June was USD 800 million. There have been no capital drawings or repayments in 2023.
- 5) In accordance with the sales and purchase agreement with Shell USD 25 million of the consideration was paid in March 2023.



<b>Interest payments (USD million)</b>						
<b>Year</b>	<b>BNOR13*</b>	<b>BNOR15*</b>	<b>BNOR14</b>	<b>Reserve-based lending facility</b>	<b>Deferred consideration</b>	<b>Total</b>
<b>Interest rate</b>			<b>9,0%</b>	<b>SOFR**</b>	<b>4,0%</b>	
2023	-	-	15.8	79.0	1.0	95.8
2024	-	-	15.8	77.8	-	93.6
2025	-	-	15.8	60.3	-	76.1
2026	-	-	7.9	34.3	-	42.2
2027	-	-	-	9.1	-	9.1
2028	-	-	-	0.3	-	0.3
<b>Total</b>	<b>-</b>	<b>-</b>	<b>55.1</b>	<b>260.8</b>	<b>1.0</b>	<b>316.9</b>

\* BNOR13 / BNOR15 carries a variable interest charge of: (i) 6 percent per annum in cash, payable semi-annually, or; (ii) 8 percent per annum payment in kind ("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 BNOR13 / BNOR15 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 01 November 2021) exposure under its reserve-based lending facility from 1 November 2021 until 30 June 2024. BlueNord will as a result pay interest on its RBL cash drawings equal to 0.4041 percent plus the applicable margin. Note that the interest payments in this table are prior to applying the interest hedged.

## 12 Trade payables and other current liabilities

<b>USD million</b>	<b>30.06.2023</b>	<b>31.03.2023</b>	<b>31.12.2022</b>	<b>30.06.2022</b>
Trade payable	0.2	2.4	17.0	0.1
Liabilities to operators relating to joint venture licences	75.0	74.2	66.8	56.8
Accrued interest	2.4	3.5	3.3	2.5
Salary accruals	1.2	2.9	2.5	1.1
Public duties payable	14.2	19.3	8.3	22.7
Deferred consideration	-	-	25.0	25.0
Other current liabilities	20.5	16.7	17.7	38.3
<b>Total trade payables and other current liabilities</b>	<b>113.5</b>	<b>119.1</b>	<b>140.6</b>	<b>152.6</b>

## 13 Financial instruments

### 13.1 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 30.06.2023

USD million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
– Derivative instruments interest swap	-	9.7	-	9.7
<b>Financial assets at fair value hedging instruments</b>				
– Derivative instruments interest swap	-	38.7	-	38.7
– Derivative instruments price hedge	-	77.3	-	77.3
<b>Total assets</b>	<b>-</b>	<b>125.7</b>	<b>-</b>	<b>125.7</b>
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
– Embedded derivatives convertible bond BNOR13	-	-	0.0	0.0
– Embedded derivatives convertible bond BNOR15	-	-	37.8	37.8
<b>Financial liabilities at fair value hedging instruments</b>				
– Derivative instruments fx contracts	-	0.5	-	0.5
– Derivative instruments price hedge	-	62.8	-	62.8
<b>Total liabilities</b>	<b>-</b>	<b>63.3</b>	<b>37.8</b>	<b>101.1</b>

On 31.03.2023

USD million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
– Derivative instruments interest swap	-	9.7	-	9.7
<b>Financial assets at fair value hedging instruments</b>				
– Derivative instruments interest swap and fx contracts	-	39.4	-	39.4
– Derivative instruments price hedge	-	100.4	-	100.4
<b>Total assets</b>	<b>-</b>	<b>149.6</b>	<b>-</b>	<b>149.6</b>
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
– Embedded derivatives convertible bond BNOR13	-	-	0.0	0.0
– Embedded derivatives convertible bond BNOR15	-	-	27.6	27.6
<b>Financial liabilities at fair value hedging instruments</b>				
– Derivative instruments price hedge	-	104.9	-	104.9
<b>Total liabilities</b>	<b>-</b>	<b>104.9</b>	<b>27.7</b>	<b>132.6</b>

On 31.12.2022

Notes continued

USD million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
– Derivative instruments interest swap	-	11.1	-	11.1
<b>Financial assets at fair value hedging instruments</b>				
– Derivative instruments interest swap	-	44.6	-	44.6
– Derivative instruments price hedge	-	108.9	-	108.9
<b>Total assets</b>	-	<b>164.6</b>	-	<b>164.6</b>
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
– Embedded derivatives convertible bond BNOR13	-	-	10.0	10.0
– Embedded derivatives convertible bond BNOR15	-	-	38.9	38.9
<b>Financial liabilities at fair value hedging instruments</b>				
– Derivative instruments price hedge	-	166.8	-	166.8
<b>Total liabilities</b>	-	<b>166.8</b>	<b>48.9</b>	<b>215.7</b>

13.2 Financial instruments by category

On 30.06.2023 USD million	Financial assets at amortised cost	Assets at fair value through profit or loss	Fair value - hedging instruments	Total
<b>Assets</b>				
Convertible loan CarbonCuts	0.7	-	-	0.7
Loan CarbonCuts	1.6	-	-	1.6
Derivative instruments interest swap	-	-	48.4	48.4
Derivative instruments price hedge	-	-	77.3	77.3
Trade receivables and other current assets	97.2	-	-	97.2
Restricted cash	207.9	-	-	207.9
Bank deposits, cash and cash equivalents	284.8	-	-	284.8
<b>Total assets</b>	<b>592.1</b>	-	<b>125.7</b>	<b>717.8</b>
<b>Liabilities</b>				
Derivative instruments fx contracts	-	-	0.5	0.5
Derivative instruments price hedge	-	-	62.8	62.8
Embedded derivatives convertible bond BNOR13	-	0.0	-	0.0
Embedded derivatives convertible bond BNOR15	-	37.8	-	37.8
Convertible bond loans	189.3	-	-	189.3
Senior unsecured bond loan	167.9	-	-	167.9
Reserve-based lending facility	767.4	-	-	767.4
Trade payables and other current liabilities	113.5	-	-	113.5
<b>Total liabilities</b>	<b>1,238.1</b>	<b>37.8</b>	<b>63.3</b>	<b>1,339.2</b>

Notes continued

On 31.03.2023 USD million	Financial assets at amortised cost	Assets at fair value through profit or loss	Fair value - hedging instruments	Total
<b>Assets</b>				
Convertible loan CarbonCuts	0.7	-	-	0.7
Loan CarbonCuts	1.6	-	-	1.6
Derivative instruments interest swap and fx contract	-	-	49.2	49.2
Derivative instruments price hedge	-	-	100.4	100.4
Trade receivables and other current assets	91.9	-	-	91.9
Restricted cash	206.3	-	-	206.3
Bank deposits, cash and cash equivalents	328.6	-	-	328.6
<b>Total</b>	<b>629.0</b>	<b>-</b>	<b>149.6</b>	<b>778.6</b>
<b>Liabilities</b>				
Derivative instruments price hedge	-	-	104.9	104.9
Embedded derivatives convertible bond BNOR13	-	0.0	-	0.0
Embedded derivatives convertible bond BNOR15	-	27.6	-	27.6
Convertible bond loans	181.4	-	-	181.4
Senior unsecured bond loan	171.3	-	-	171.3
Reserve-based lending facility	765.7	-	-	765.7
Deferred consideration	-	-	-	-
Trade payables and other current liabilities	119.1	-	-	119.1
<b>Total</b>	<b>1,237.4</b>	<b>27.7</b>	<b>104.9</b>	<b>1,370.0</b>

On 31.12.2022 USD million	Financial assets at amortised cost	Assets at fair value through profit or loss	Fair value - hedging instruments	Total
<b>Assets</b>				
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
<b>Total assets</b>	<b>601.5</b>	<b>-</b>	<b>164.6</b>	<b>766.1</b>
<b>Liabilities</b>				
Derivative instruments price hedge	-	-	166.8	166.8
Embedded derivatives convertible bond BNOR13	-	10.0	-	10.0
Embedded derivatives convertible bond BNOR15	-	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
<b>Total liabilities</b>	<b>1,260.2</b>	<b>48.9</b>	<b>166.8</b>	<b>1,476.0</b>



### 13.3 Financial instruments – fair values

Set out below is a comparison of the carrying amounts and fair value of financial instruments on 30.Jun.2023:

USD million	Total amount outstanding*	Carrying Amount	Fair Value
<b>Financial assets</b>			
Convertible loan CarbonCuts		0.7	0.7
Loan CarbonCuts		1.6	1.6
Derivative instruments interest swap		48.4	48.4
Derivative instruments price hedge		77.3	77.3
Trade receivables and other current assets		97.2	97.2
Restricted cash		207.9	207.9
Bank deposits, cash, cash equivalents and quoted shares		284.8	284.8
<b>Total</b>		<b>717.8</b>	<b>717.8</b>
<b>Financial liabilities</b>			
Derivative instruments fx contracts		0.5	0.5
Derivative instruments price hedge		62.8	62.8
Embedded derivative convertible bond BNOR13		0.0	0.0
Embedded derivative convertible bond BNOR15		37.8	37.8
Convertible bond loans	219.7	189.3	181.9
Senior unsecured bond loan	175.0	167.9	175.0
Reserve-based lending facility	800.0	767.4	800.0
Trade payables and other current liabilities		113.5	113.5
<b>Total</b>	<b>1,194.7</b>	<b>1,339.2</b>	<b>1,371.5</b>

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

The RBL facility is measured at amortised cost. In addition, a total of USD 53 million in transaction cost has been capitalized. 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. No changes to the capital outstanding were made in Q2 2023.

The senior unsecured bond loan is measured at amortised cost, in addition a total of USD 7.6 million in transaction cost are deducted from the amount initially recognised.

The BNOR13 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 on 30 June 2023 was USD 0.2 million due to the majority of the NOR13 instrument was converted into equity 26 January 2023. The BNOR13 terms were amended during January 2023 to reflect the proposed amendments in November 2022, which aligns the instrument with the terms of BNOR15.

The BNOR15 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 on 30 June 2023 was USD 37.8 million. The assumptions in establishing the option value as on 30 June 2023 are shown below.

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

		BNOR13	BNOR15
Valuation date	(date)	30 June 23	30 June 23
Agreement execution date	(date)	30 Dec 22	30 Dec 22
Par value of bonds	(USD)	185,260	219,516,135
Reference share price at time of agreement	(NOK)	413	413
Fair value at grant date	(USD)	9,979,424	38,928,552
PIK interest rate	(%)	8.00%	8.00%
Expected life	(years)	2.5	2.5
Number of options	(#)	3,602	4,268,193
Conversion price	(NOK)	537	537
Fixed FX rate of agreement	(USD:NOK)	10.440	10.440
Risk-free rate (based on government bonds)	(%)	3.89%	3.89%
Expected volatility	(%)	47.02%	47.02%
Model used		Black - Scholes - Merton	

### 13.4 Hedging

The Group actively seeks to reduce the market-related risks it is exposed to including, (i) commodity prices, (ii) market-linked floating interest rates and (iii) foreign exchange rates.

The Company has a rolling hedge requirement under its RBL facility based on a minimum level of production corresponding to the RBL's production forecast. The requirement is for the following volumes and time periods: (i) Year 1: 50% of oil volume and 20% of gas volume, or 50% of oil equivalent volume; (ii) Year 2: 40% oil volume; and (iii) Year 3: 10% oil volume. The Company's hedges are compliant with this requirement. Currently all the Company's commodity price hedging arrangements are forward contracts.

The Company has entered 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 Nov 2021 until 30 June 2024. As a result, the Company pays interest on its RBL cash drawings equal to 0.4041 percent plus the applicable margin (4.5% from February 2023) until expiry of the hedge contracts.

As a result of the agreement to acquire Shell Olie- og Gasudvinding Danmark B.V. on 31 July 2019, BlueNord had a liquid volume protection agreement with Shell that, from signing of the Sale and Purchase Agreement (SPA) until the end of 2020 (the "Protection Period"), provided a monthly liquid production guarantee at levels above the Company's internal forecasts. For the period 2021 to 2023 (the "Recovery Period"), a payment to Shell may be required if actual production exceeds a pre-agreed level. The production level at which any recovery payment would be made to Shell is currently above the Company's internal forecasts, and therefore the Company does not expect any payments to be required during the remaining term of this agreement. In any event, the amount refunded to Shell during the Recovery Period cannot exceed the value of BlueNord's claims during the Protection Period and would only be paid if production far exceeded current guidance.

During Q1 2023 the company entered foreign exchange hedges to secure fixed USD to DKK exchange rates for selected future payments in relation to taxes, VAT and cash calls related to the Company's forecast cash-flows.

Hedge accounting is applied to all the Company's hedging arrangements. To the extent more than 100 percent of the market-related risk is hedged, the portion above 100 percent is considered ineffective, and the value adjustment is treated as a financial item in the Income Statement. In Q2 2023, a minor part of the Company's arrangements in relation to commodity prices were ineffective (bbl 3,031), no part of the foreign exchange hedge was considered ineffective. However, the Company's interest rate hedge above the drawn amount of the RBL, of USD 800 million throughout Q2 2023, was considered ineffective and the value adjustment is treated as a financial item in the Income Statement. Time Value related

to commodity hedging arrangements is considered insignificant and generally the valuation of the instruments do not take into consideration the time value.

	Maturity					
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	More than 12 months
<b>As of 30 June 2023</b>						
<b>Commodity forward sales contracts:</b>						
Notional quantity (in mboe)	-	1,118	1,029	1,059	1,006	3,400
Notional amount (in USD million)	-	101	85	92	65	243
Average hedged sales price (in USD per boe)	-	90	83	87	65	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
<b>Balance as of 01.01.2023</b>	<b>13.9</b>
Realized cash flow hedge	(7.3)
Related tax - realized cash flow hedge	4.7
Changes in fair value	55.6
Related tax - changes in fair value	(37.7)
<b>Balance as of 31.03.2023</b>	<b>29.2</b>
Realized cash flow hedge	(3.3)
Related tax - realized cash flow hedge	2.1
Changes in fair value	21.1
Related tax - changes in fair value	(14.0)
<b>Balance as of 30.06.2023</b>	<b>35.0</b>

## 14 Asset retirement obligations

USD million	Q2 2023	Q1 2023	31.12 2022
Provisions as of beginning of period	967.8	955.8	1,029.2
Provisions and change of estimates made during the period	0.4	1.1	(107.0)
Accretion expense	12.3	12.3	48.1
Incurred cost removal	(5.1)	(1.5)	(14.4)
Currency translation adjustment	0.0	0.0	(0.1)
<b>Total provisions made for asset retirement obligations</b>	<b>975.5</b>	<b>967.8</b>	<b>955.8</b>
<b>Break down of short-term and long-term asset retirement obligations</b>			
Short-term	13.9	13.6	9.8
Long-term	961.6	954.2	946.1
<b>Total provisions for asset retirement obligations</b>	<b>975.5</b>	<b>967.8</b>	<b>955.8</b>

The balance as per 30.06.2023 is USD 908.5 million for DUC, USD 62.6 million for Nini/Cecilie, USD 2.6 million for Lulita (non-DUC share) and USD 1.8 million for Tyra F-3 pipeline.

Estimates are based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume an inflation rate of 2.0 percent and a nominal discount rate before tax of 5.5 percent. The credit margin included in the discount rate is 2.5 percent.

## 15 Shares and share capital

	No. of shares	Share capital*
Number of shares and share capital as of 31.12.2022	25,708,424	1.7
Conversion part of convertible bond	496,063	0.0
<b>Number of shares and share capital as of 30.06.2023</b>	<b>26,204,487</b>	<b>1.7</b>
	No. of shares	No. of shares
Number of treasury shares and treasury shares reserves as of 31.12.2022	(137,162)	(0.1)
<b>Number of treasury shares and treasury share reserves as of 30.06.2023</b>	<b>(137,162)</b>	<b>(0.1)</b>

\* In USD million

## 16 Subsequent events

The Company has not identified any events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report.



# Information



# Alternative Performance Measures

BlueNord chooses to disclose Alternative Performance Measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with 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 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.

**Adj. EBITDA** is adjusted for cost from share-base payment arrangements and Non-payment insurance

USD million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
<b>EBITDA</b>	<b>98.7</b>	<b>121.6</b>	<b>167.0</b>	<b>220.2</b>	<b>273.8</b>
Non-payment insurance	1.2	1.2	1.2	2.4	2.4
Share-base payment	1.2	1.1	0.0	2.3	0.1
<b>Adj. EBITDA</b>	<b>101.0</b>	<b>123.8</b>	<b>168.2</b>	<b>224.9</b>	<b>276.2</b>

**EBITDA** Earnings before interest, taxes, depreciation, depletion, amortization and impairments. EBITDA assists in comparing performance on a consistent basis without regard to depreciation and amortization, 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.

USD million	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Convertible bond loans	(189.3)	(181.4)	(188.7)	(143.7)
Senior Unsecured bond loan	(167.9)	(171.3)	(166.9)	(165.8)
Reserve-based lending facility	(767.4)	(765.7)	(764.0)	(860.7)
Other interest-bearing debt	-	-	(25.0)	(25.0)
<b>Interest-bearing debt</b>	<b>(1,124.6)</b>	<b>(1,118.4)</b>	<b>(1,144.6)</b>	<b>(1,195.1)</b>

**Net interest-bearing debt** is defined by 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.

USD million	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Cash and cash equivalents	284.7	328.5	268.4	241.9
Convertible bond loans	(219.7)	(214.1)	(221.5)	(160.6)
Senior Unsecured bond loan	(175.0)	(175.0)	(175.0)	(175.0)
Reserve-based lending facility	(800.0)	(800.0)	(800.0)	(900.0)
Other interest-bearing debt	-	-	(25.0)	(25.0)
<b>Net interest-bearing debt</b>	<b>(910.0)</b>	<b>(860.6)</b>	<b>(953.1)</b>	<b>(1,018.7)</b>

# Information about BlueNord

## Head Office BlueNord

Headquarter Nedre Vollgate 1, 0158 Oslo, Norway  
Telephone +47 22 33 60 00  
Internet [www.bluenord.com](http://www.bluenord.com)  
Organisation number NO 987 989 297 MVA

## Financial Calendar 2023

15 February Q4 2022 Report  
29 March Annual Report  
10 May Q1 2023 Report  
12 July Q2 2023 Report  
18 October Q3 2023 Report

## Board of Directors

Riulf Rustad Chair  
Marianne Lie  
Tone Kristin Omsted  
Colette Cohen  
Robert J McGuire  
Jan Lernout  
Peter Coleman

## 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](mailto:investorrelations@bluenord.com)

## Annual Reports

Annual reports for BlueNord are available on [www.bluenord.com](http://www.bluenord.com)

## Quarterly publications

Quarterly reports and supplementary information for investors and analysts are available on [www.bluenord.com](http://www.bluenord.com). The publications can be ordered by e-mailing [investorrelations@bluenord.com](mailto:investorrelations@bluenord.com).

## News Releases

In order to receive news releases from BlueNord, please register on [www.bluenord.com](http://www.bluenord.com) or e-mail [investorrelations@bluenord.com](mailto:investorrelations@bluenord.com).

# Appendix

## Dan hub

Key figures	Unit	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Dan	mboepd	5.2	6.3	7.7	5.9	7.6
Kraka	mboepd	2.2	2.9	0.6	2.5	0.7
Operating efficiency		75.0%	88.2 %	105.9%	81.6%	99.5%

## Gorm hub

Key figures	Unit	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Gorm	mboepd	1.0	1.2	1.4	1.1	1.5
Rolf	mboepd	0.3	0.3	0.3	0.3	0.3
Skjold	mboepd	3.0	2.9	2.9	2.9	3.2
Operating efficiency		79.2%	78.4 %	84.7%	78.8%	87.1%

## Halfdan hub

Key figures	Unit	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Halfdan	mboepd	12.3	14.1	13.5	13.1	14.2
Operating efficiency		87.4%	93.5 %	86.6%	90.5%	93.7%