

# Third Quarter 2021

Oslo, 28 October 2021



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# Highlights for the Quarter



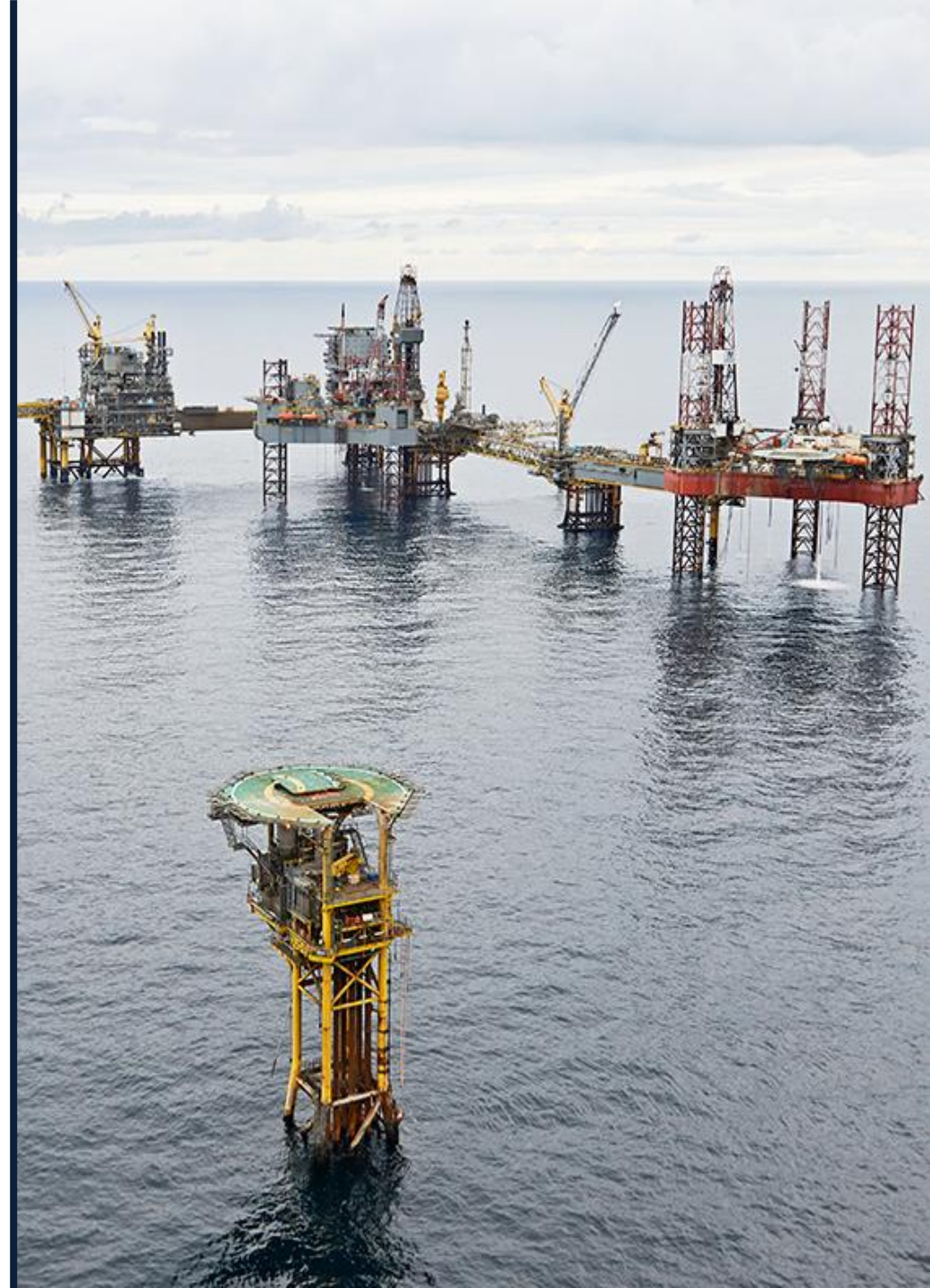
<b>27.2</b> mboe/d	<b>Strong Production Performance</b>	<ul style="list-style-type: none"><li>Production in the upper range of annual guidance (25.5 to 27.5mboe/d)</li><li>Noble Sam Turner rig program continues to have a positive impact</li></ul>
<b>150</b> USDm	<b>Revenue</b>	<ul style="list-style-type: none"><li>Strong revenue contribution from producing assets</li><li>EBITDA of USD 65 million</li></ul>
<b>84</b> USDm	<b>Operating Cash Flow</b>	<ul style="list-style-type: none"><li>Net cash flow from operating activities of USD 84 million</li><li>Cash on balance sheet of USD 152 million</li></ul>
✓	<b>NOR14</b>	<ul style="list-style-type: none"><li>Successful written resolution obtained from bondholders of NOR14</li><li>Amended covenants provide further headroom pre-Tyra completion</li></ul>
✓	<b>Energy Transition</b>	<ul style="list-style-type: none"><li>Project Bifrost - a DUC partnership with Ørsted and DTU</li><li>Evaluating the potential for Carbon Storage in Denmark</li></ul>
✓	<b>Tyra Redevelopment</b>	<ul style="list-style-type: none"><li>Tyra East topsides sailed away from Sembcorp Marine in July</li><li>Successful offshore installation completed during the quarter</li></ul>

# Noreco: Near-Term Growth and Deleveraging on the Horizon

*Fully-funded for material cashflow generation with expected production c. 50mboe/d by 2023*

- **Tangible, near-term growth through the Tyra redevelopment project**
  - 2021 & 2022: Focus on base delivery, securing Tyra and minimizing exposure to market volatility
  - 2023 onwards: Step-change in operational profile with production growth to c. 50,000boe/d
- **Fully-funded to Tyra first gas with a supportive and actively managed capital structure**
  - Significant liquidity, strategic commodity hedging and material deleveraging post-Tyra
  - RBL refinanced in 2021, NOR14 covenant headroom increased post early bondholder engagement
- **Sustainable, material cashflow generation of over USD 1.8 billion<sup>(1)</sup> expected from 2023 to 2027**
  - Disciplined capital allocation, balancing the objectives of our equity and debt holders
  - Further investments must support long-term balance sheet and cashflow generation objectives
- **Meaningful but measured contribution to the Energy Transition**
  - We have invested in Tyra since 2019, a project which will materially increase Danish gas production
  - Commitment to further reducing future emissions intensity, as illustrated by the RBL linkage

# Operational Review



# Quarterly Production in Upper Range of Guidance

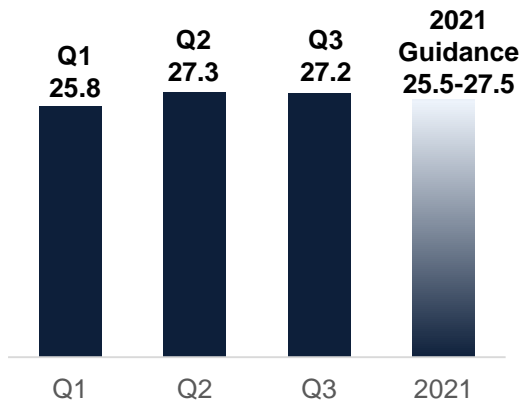
*Significant Operational Improvement on Performance Quarter on Quarter*

- Third quarter production of 27.2 mboepd
- Quarterly operational efficiency at 82.4 percent
- Positive effect from Noble Sam Turner rig program catching up on planned workover and well maintenance



Photo: Noble Sam Turner at Dan FF platform

## Q3 Production mboepd (net)<sup>1</sup>



## Noble Sam Turner workover program:

- Delayed program from 2020 due to COVID-19
- Five workovers completed in 2021, adding more than 5,000 boe/d (gross) delivered below cost budget

# Tyra Redevelopment: A Game Changing Gas Producer

*Largest Project undertaken on the DCS, unlocking Gross Potential in excess of 200mboe*

## Highlights

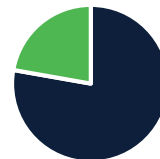
- Tyra is the largest gas condensate field on the DCS,
  - Processing > 90% of the gas produced in Denmark
- Seabed subsidence led to infrastructure redevelopment
- Tyra will be a state-of-the-art North Sea facility, and will become the centre of Denmark's energy infrastructure
- Tyra post-redevelopment will:
  - ✓ Increase net production by c.90 % to c.50 mboe/d
  - ✓ Significantly decrease emissions
  - ✓ Increase production efficiency
  - ✓ Lower direct field opex to less than USD 13/boe
  - ✓ Enable additional volumes and tie-ins
  - ✓ Extend field life by 25 years

## Rosetti Yard Visit of Accommodation Module (Oct 2021)



## Significant Gas Exposure post-Tyra<sup>(1)</sup>

Production Q3 2021



■ Oil ■ Gas

Production incl. Tyra



■ Oil ■ Gas

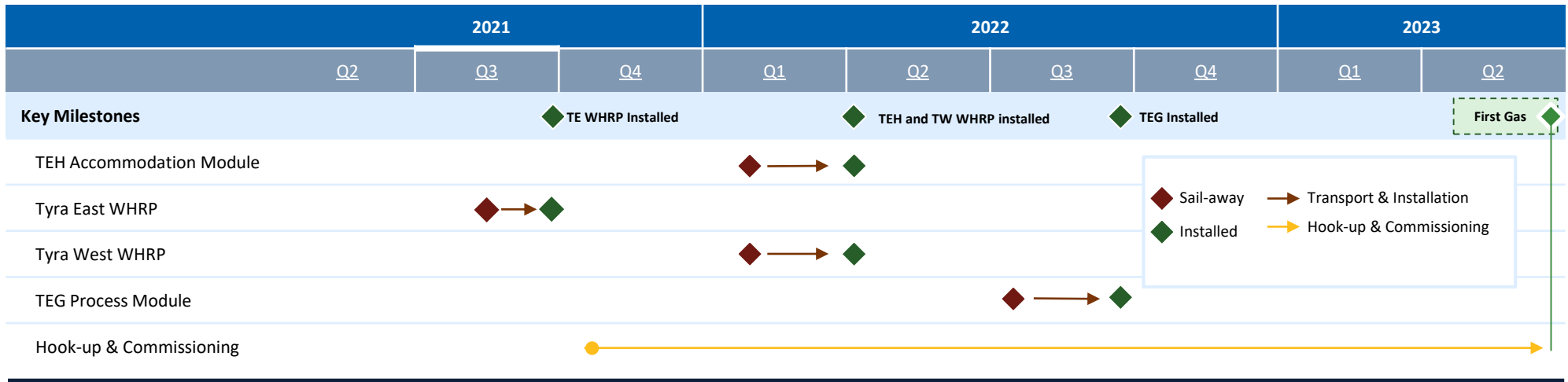


# Tyra Redevelopment: Project Milestones

*Ongoing de-risking, with 2022 sail away dates locked-in*

## September 2021: Successful Installation of Tyra East Topsides

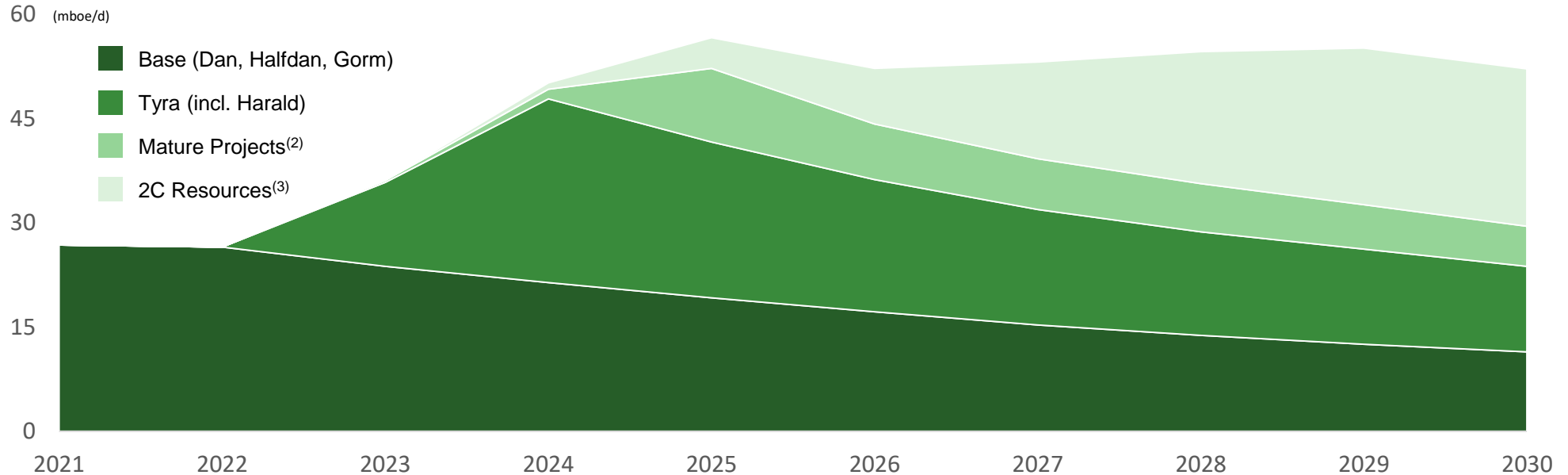
- **Tyra East Wellhead & Riser Platforms delivered and installed according to plan**
  - Three topsides safely lifted off and installed on jackets by the world’s largest crane vessel, Sleipnir
  - The successful installation milestone is followed by the initial hook-up and commissioning campaign
  
- **Future Project Milestones:**
  - Lock-in of 2022 sail away dates reassures both cost and Q2 2023 first gas



# Production: Tyra Delivers c. 90% Increase

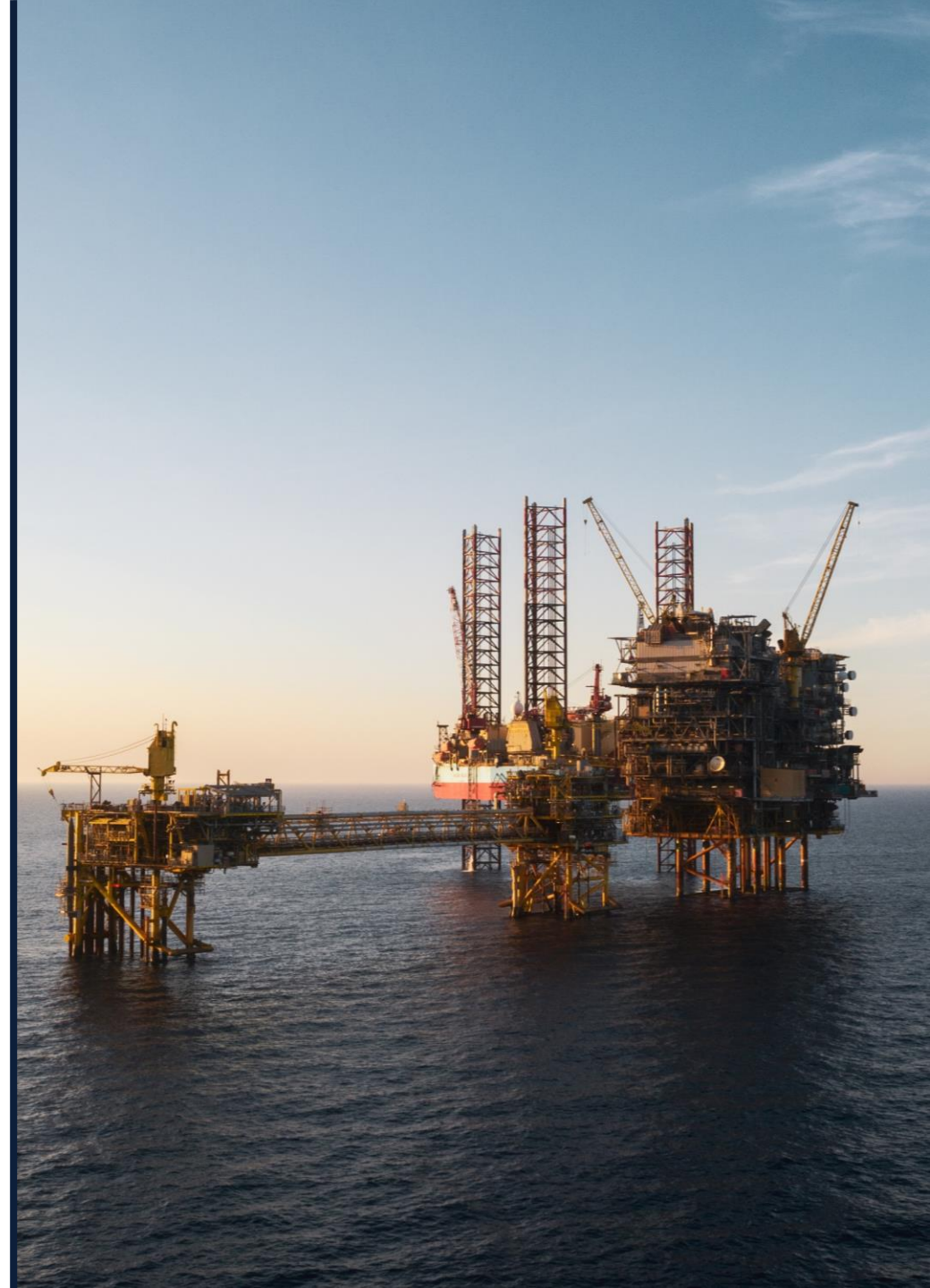
*Defined, low-risk and fully-funded to expected production of c. 50,000 boe/d in 2023*

## Net Production<sup>(1)</sup>

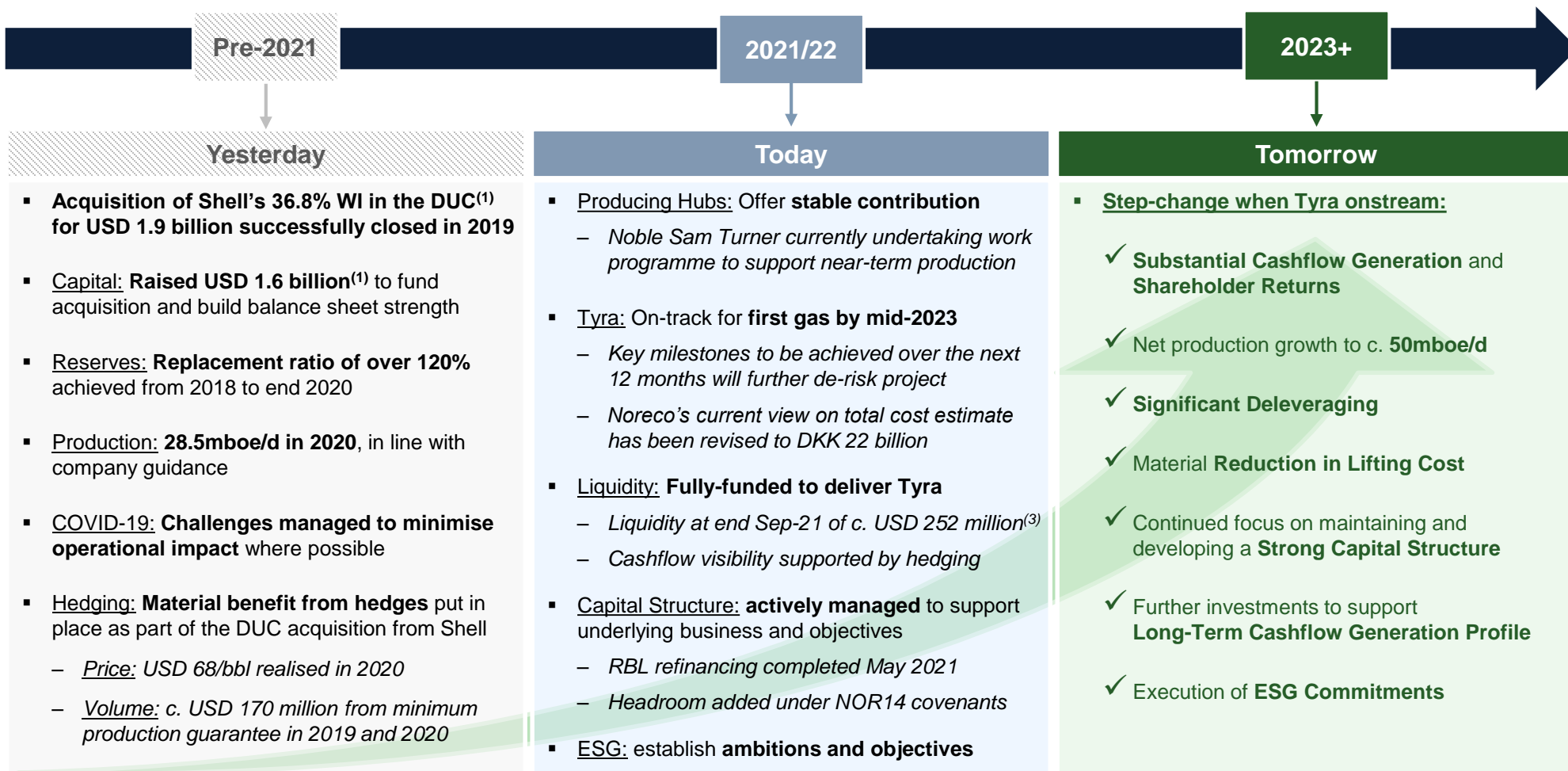


- **Step-change growth to c. 50mboe/d when Tyra onstream**
- **Noreco remains committed to delivering the Halfdan North and Valdemar Bo South developments**
  - Low-cost and high-value, these are entirely consistent with our focus on value maximization and capital discipline
  - Further progression of projects also supported by positive commodity market dynamics
  - We strongly believe that bringing both onstream is to the clear benefit of both Noreco and our external Danish stakeholders

# Financial Review



# Developing Noreco as a Material Cashflow Generator



1) DUC refers to the Danish Underground Consortium

2) USD 390 million equity, USD 158 million Convertible Notes (NOR13), USD 900 million RBL facility and USD 175 million Senior Unsecured Notes (NOR14)

3) Cash on balance sheet of USD 152 million and available undrawn RBL capacity of USD 100 million (subject to semi-annual redetermination)

# Financial Summary: Q3 2021

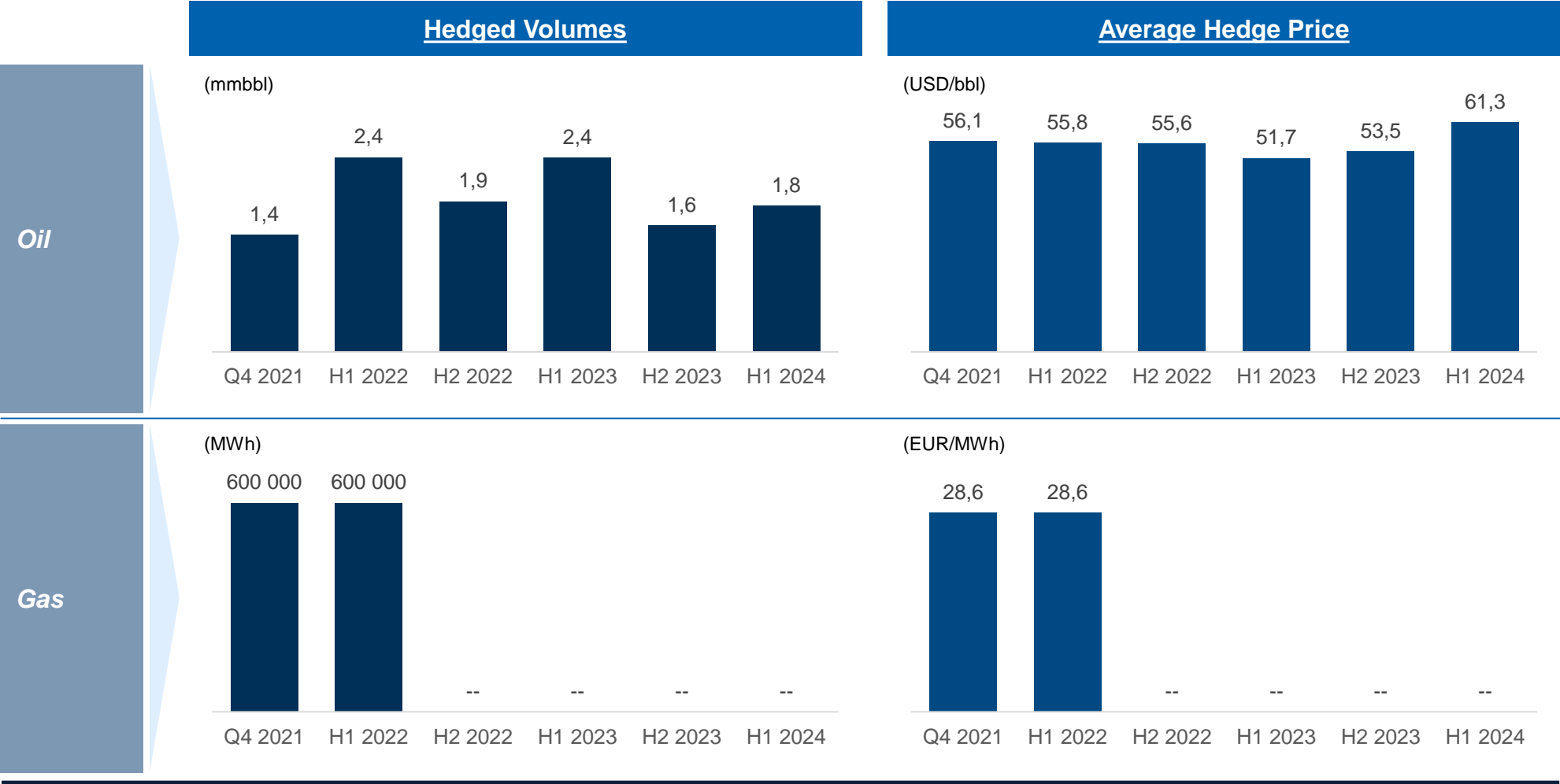
*Robust capital structure and liquidity position; fully funded to deliver Tyra*

- **Stable and predictable Q3 performance**
  - Production at the top end of annual guidance
  - Financial result supported by oil & gas price backdrop
- **Revenue visibility through hedging**
  - Realised oil at USD 57/bbl and gas at EUR 34/MWh
- **Increasing spot market exposure through 2022/23**
  - Lower absolute and relative hedging levels
  - Ongoing principle of cashflow visibility with execution approach driven by prevailing market conditions
- **Robust, long-term capital structure**
  - Total liquidity of USD 252 million at end Q3 2021<sup>(1,2)</sup>
  - Successful NOR14 waiver process providing further leverage headroom
  - No debt principal repayments prior to Tyra restart

<u>Key Financial Data:</u>		<u>Q3 2021</u>	<u>Q2 2021</u>
Hydrocarbon Production	(mboe/d)	27.2	27.3
Realised Liquids Price	(USD per bbl)	57.0	57.5
Realised Gas Price	(EUR per MWh)	34.1	20.0
<b>Total Revenue</b>	<b>(USD million)</b>	<b>150</b>	<b>135</b>
Unit Field Opex	(USD per boe)	30.8	32.7
<b>EBITDA (Reported)</b>	<b>(USD million)</b>	<b>65</b>	<b>58</b>
Cashflow from Operations	(USD million)	84	19
<b>Liquidity<sup>(1,2)</sup></b>	<b>(USD million)</b>	<b>252</b>	<b>245</b>

# Commodity Hedging: Q3 2021

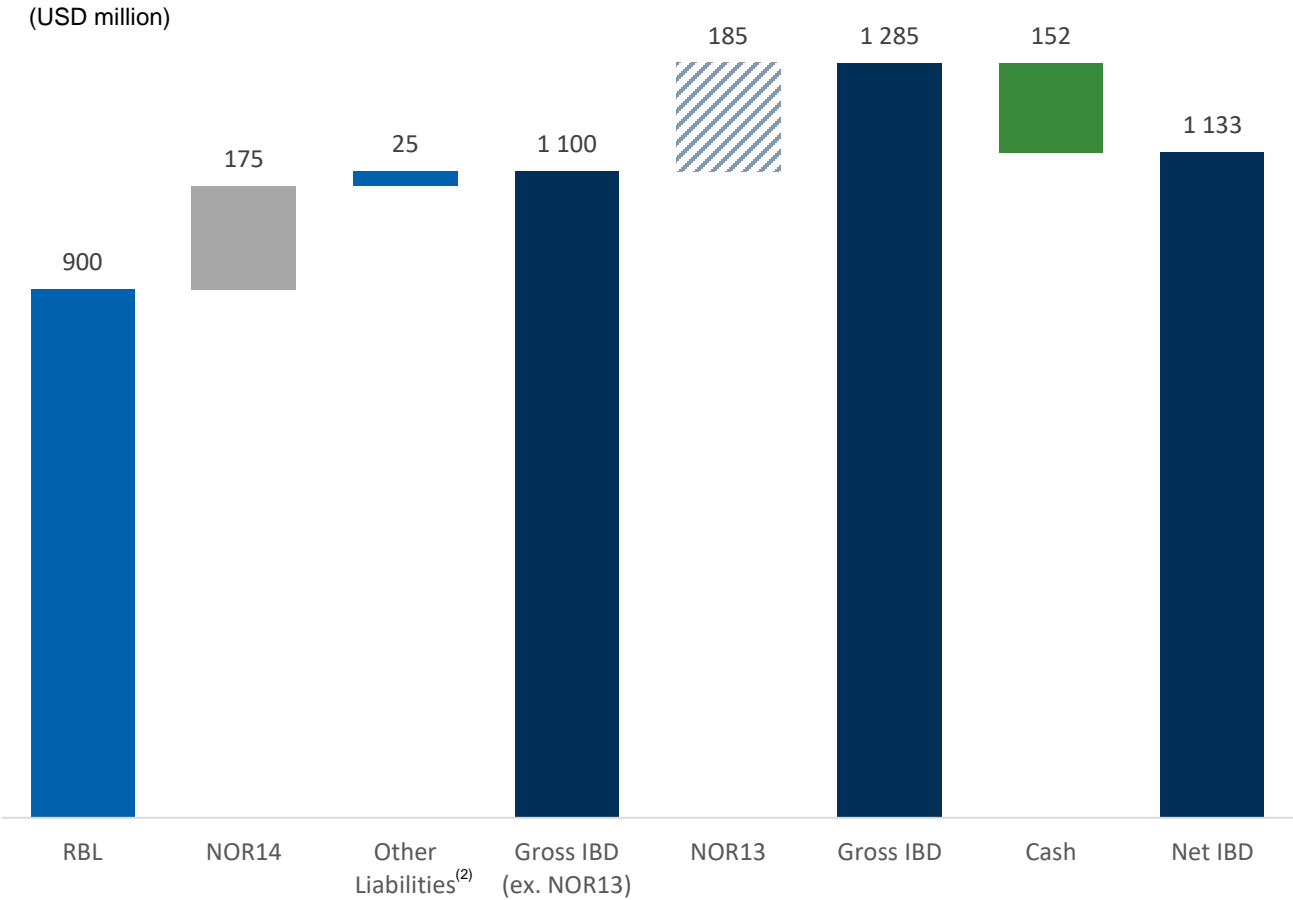
Programme executed to minimise exposure to near-term commodity price volatility



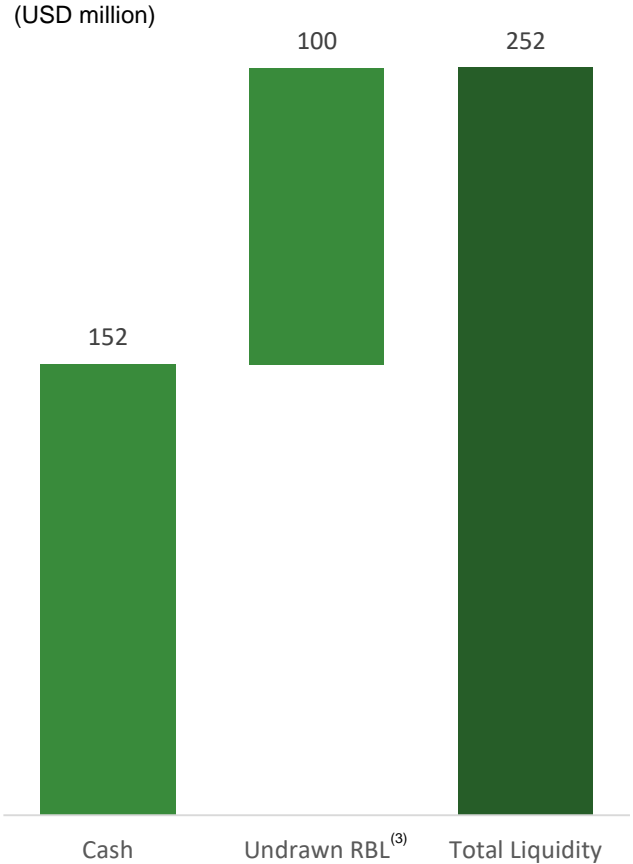
# Capital Structure: Q3 2021

Liquidity of USD 252 million, with no debt principal repayments prior to Tyra first gas

## Net Debt Overview: End Q3 2021<sup>(1)</sup>



## Available Liquidity: End Q3 2021



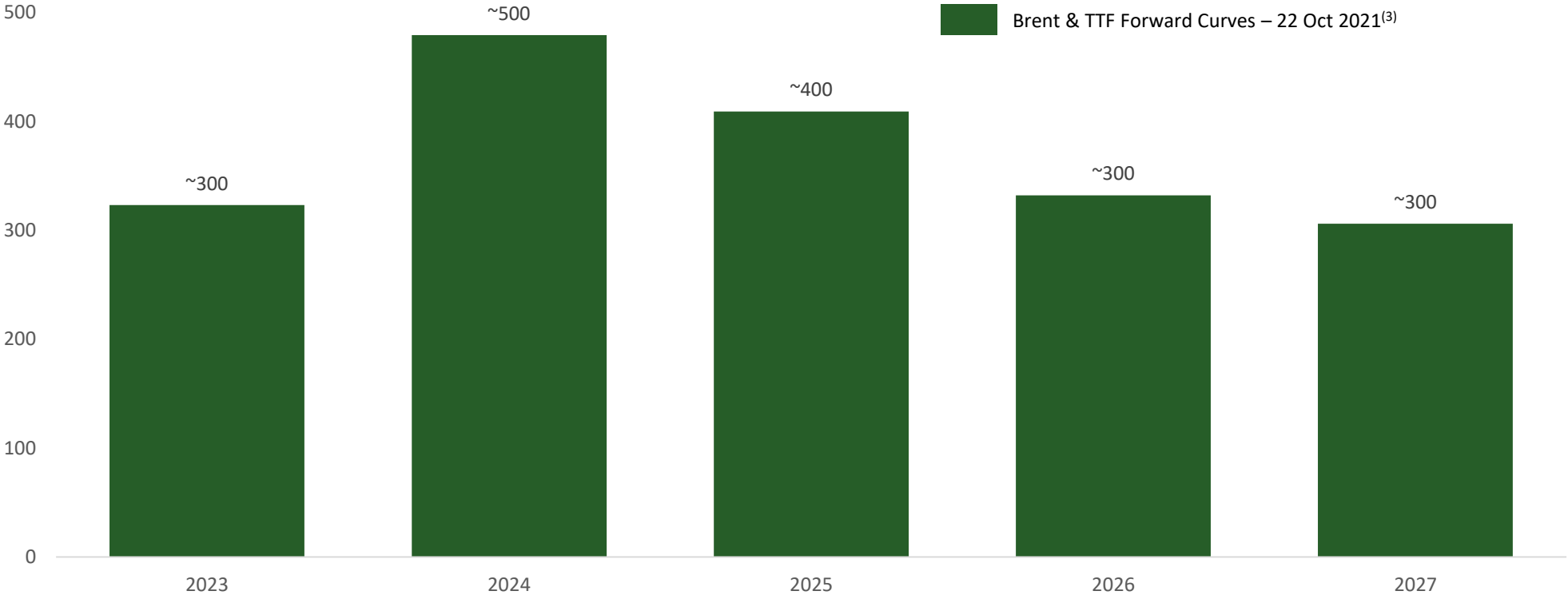
1) Figures reflect drawn amount for debt instruments; balance sheet values based on amortised cost  
 2) Deferred consideration of USD 25 million payable to Shell  
 3) Reflects current RBL cash drawings of USD 900 million, available amount subject to semi-annual redetermination of borrowing base

# Material Cashflow Generation: Illustrative Profile

Post-Tax FCF generation from 2023 to 2027 over USD 1.8 billion at current forward curves

## Illustrative Post-Tax Free Cashflow Generation: 2023 to 2027<sup>(1,2)</sup>

600 (USD million)



1) Illustrative Post-Tax Free Cashflow = Net Cashflow from Operating Activities minus Net Cashflow used in Investment Activities  
2) Production based on management estimates (per Page 10) for Base (Dan, Halfdan, Gorm) and Tyra (incl. Harald)  
3) Illustratively prepared using the Brent and TTF Forward Curves as of 22 October 2021 and management estimates based on operator data



# Disciplined Capital Allocation

*Deleveraging from 2023 to deliver fit-for-purpose capital structure*

## Key Capital Allocation Messages

<b>Free Cashflow</b>	<ul style="list-style-type: none"><li>▪ Illustrative free cashflow of over <b>USD 1.8 billion</b> cumulative from 2023 to 2027<sup>(1)</sup></li></ul>
<b>Deleveraging</b>	<ul style="list-style-type: none"><li>▪ Noreco anticipates significant deleveraging once Tyra onstream</li><li>▪ Target leverage of <b>&lt; 2.0x</b> Net Debt / EBITDAX</li></ul>
<b>Capital Return</b>	<ul style="list-style-type: none"><li>▪ Return of capital to shareholders when supported by balance sheet</li><li>▪ Corporate objective of establishing a sustainable long-term dividend profile</li></ul>
<b>Organic Growth</b>	<ul style="list-style-type: none"><li>▪ IRR of <b>&gt; 20%</b> required for Noreco to sanction development opportunities</li><li>▪ Investments must enhance long-term cashflow generation potential</li></ul>
<b>Inorganic Growth</b>	<ul style="list-style-type: none"><li>▪ Noreco will consider opportunities where value accretive and supportive of the capital structure</li><li>▪ Profile of combination will also need to demonstrate support for enhanced, long-term returns</li></ul>

# Sustainability



# Sustainability: Our Role in the Energy Transition

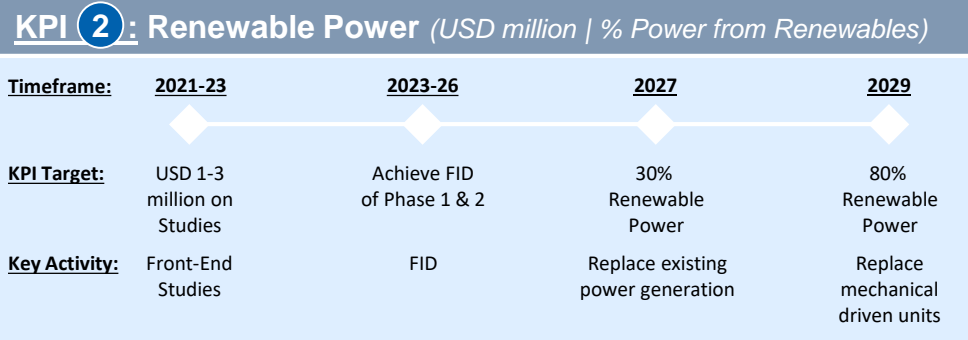
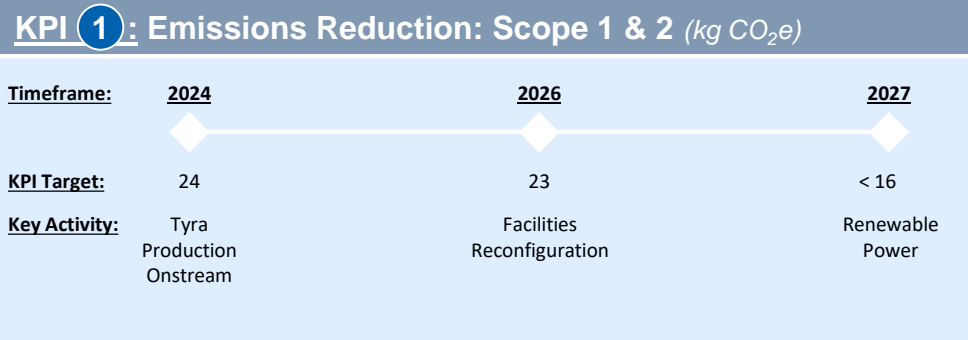
Defined principles will influence our approach, supporting a key tenet of our strategy which is achieving a set of substantive, quantifiable and achievable ESG goals

## Principles, Objectives & Approach

- Noreco has set its strategy with the objective to be a meaningful participant in the Energy Transition
- The Company has a focus on facilitating improved technical, commercial and economic framing of environmental initiatives
  - This includes pursuing the extended life of offshore installations by embracing and integrating sustainability.
- We recognise an evolving and flexible approach is needed given the emerging nature of various proposals and technologies. We aim to be within the forefront of this evolution.
- Two near-term key pillars, with broader longer-term approach:
  - Key pillar 1: Increasing DUC sustainability and efficiency
  - Key pillar 2: Potential for offshore electrification
  - Broader evaluation: CCS, green and blue hydrogen, PtX<sup>(1)</sup>
- Emissions reducing activities to be meaningful, but measured, in order to maximize impact while remaining appropriate for Noreco

## Sustainability Linked KPIs

- Noreco's recently refinanced RBL, which includes ESG linkages, is a first step towards lowering the cost of capital for projects that result in significant environmental enhancements



1) Power-to-X

# An Active Participation in the Energy Transition – Project Bifrost

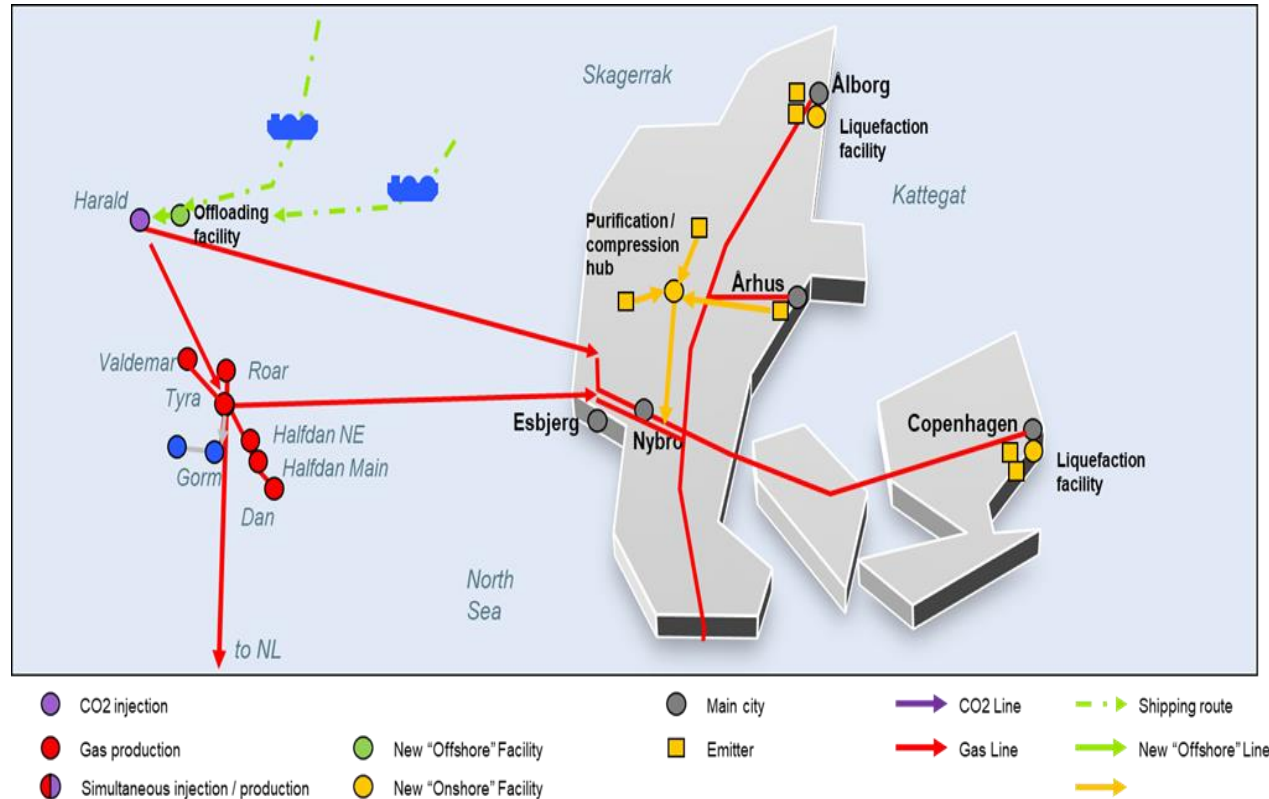
*Maturing the potential for CO<sub>2</sub> transport and storage at the Harald field with expected startup storage capacity of 3 million tons of CO<sub>2</sub> per year (m/tpa)*

## Project Bifrost:

- DUC partnership with Ørsted and DTU
- Project aims to reuse existing North Sea infrastructure while demonstrating CO<sub>2</sub> storage in a depleted offshore gas field
- Applied for EUDP funding

## Noreco and CCS:

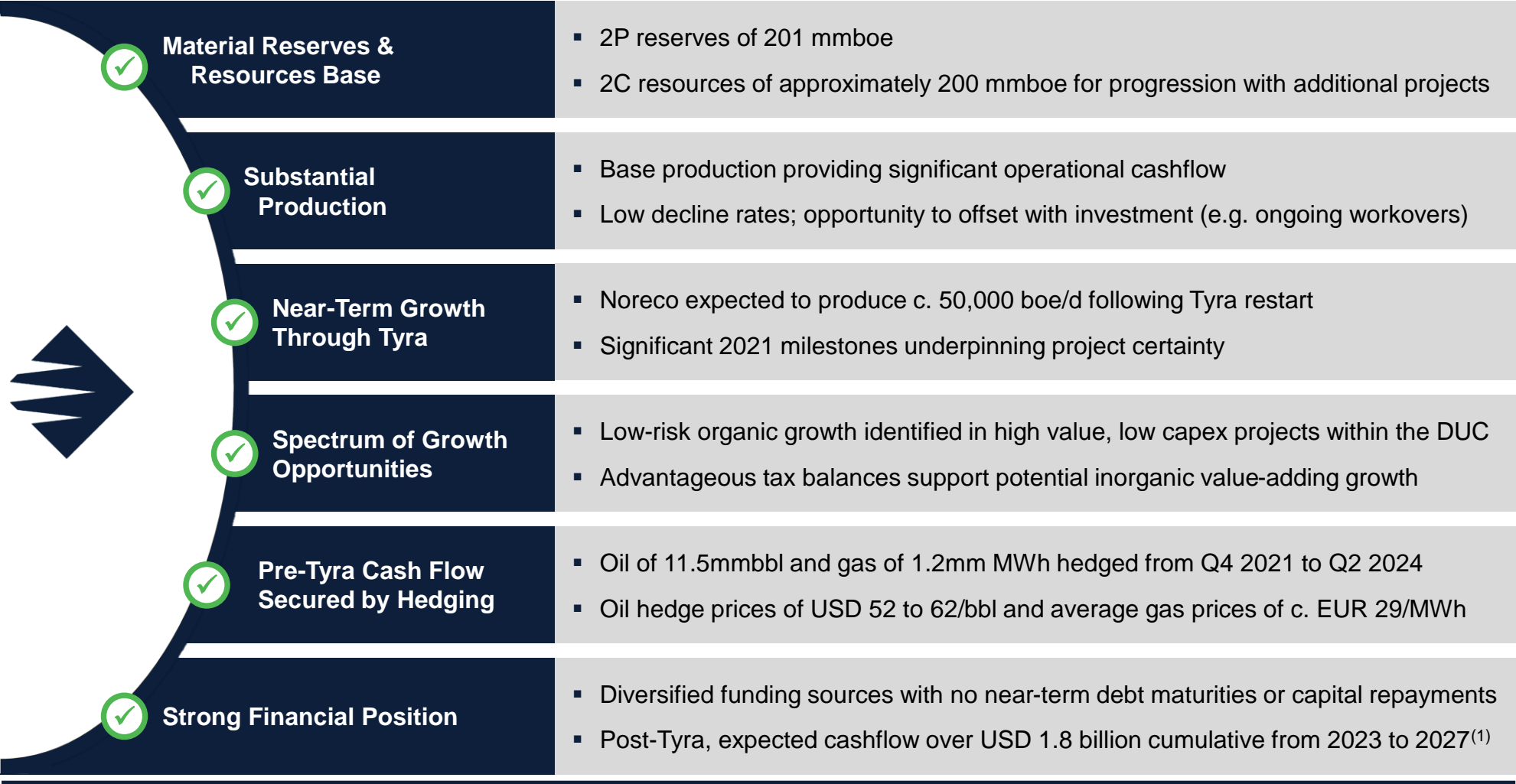
- Project Bifrost first tangible step
- Owner of unique and significant infrastructure
- CCS an important part of the green transition
- Use of existing infrastructure for CCS attractive from both climate and economic perspective
- Denmark has the opportunity to become a CCS hub, but players must cooperate



# Closing Reflections



# Fully-Funded Growth and Deleveraging from 2023



1) Free Cashflow = Net Cashflow from Operating Activities minus Net Cashflow used in Investment Activities using management estimates based on operator data. Forward Curve for Brent oil and TTF gas as of 22 October 2021. TTF refers to the Title Transfer Facility, a virtual trading point for natural gas in the Netherlands

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