



**Norwegian Energy Company ASA**  
**Third Quarter 2022**

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## Highlights

### Third Quarter 2022 summary

#### Operational:

- Strong operating performance, with hydrocarbon production of 25.1 mboepd in the third quarter above Noreco's quarterly guidance of 24-25 mboepd
- Successful Halfdan well restimulation campaign, delivering significant additional gas production
- Start of Well Reservoir Opportunity Management
- Successful completion of planned ten-year maintenance of NOGAT pipeline
- Two-year extension of contract with jack-up rig Noble Sam Turner (to be renamed Shelf Drilling Winner)
- Revision of start-up date for Tyra Redevelopment project to winter 23/24 following COVID19 related global supply chain challenges and a revised hook-up and commissioning plan
- Successful completion of offshore installation campaign for Tyra II, including lifting and installation of the TEG process module, two remaining bridges and flare tower

#### Financial:

- Total revenues of USD 293.5 million in the third quarter compared to USD 264.6 million in the previous quarter
- EBITDA of USD 197.6 million, in the third quarter compared to USD 167.0 million in the previous quarter
- Cash flow from operating activities of USD 215.3 million in the third quarter, compared to USD 183.4 million in the previous quarter
- Free cashflow (excluding RBL downpayment) of USD 131.2 million in the third quarter, compared to USD 95.1 million in the previous quarter
- Total liquidity of USD 473.1 million at the end of the period with cash on balance sheet of USD 273.1 million and undrawn RBL capacity of USD 200 million, reflecting the voluntary repayment of USD 100 million made during the third quarter
- Additional gas hedging put in place during Q3 2022 for 2023 and 2024 at prices between EUR 240 to 305 per Mwh
- Options-based incentive scheme for the Executive Management Team replaced with a one-off Retention Scheme and an annual Long-Term Incentive Scheme

Financial and operational summary	Unit	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Total revenue	USDm	293.5	264.6	150.2	737.2	390.0
<b>EBITDA<sup>1)</sup></b>	<b>USDm</b>	<b>197.6</b>	<b>167.0</b>	<b>65.4</b>	<b>471.4</b>	<b>152.6</b>
<b>Adj. EBITDA<sup>1)</sup></b>	<b>USDm</b>	<b>199.0</b>	<b>168.2</b>	<b>67.5</b>	<b>475.2</b>	<b>159.1</b>
<b>Result before tax</b>	<b>USDm</b>	<b>136.5</b>	<b>42.0</b>	<b>5.3</b>	<b>161.4</b>	<b>(30.5)</b>
Net result for the period	USDm	(12.0)	(49.3)	3.0	(106.1)	(25.2)
Cash flow from operating activities <sup>2)</sup>	USDm	215.3	183.4	84.3	485.7	(19.2)
Investments in oil and gas assets	USDm	65.3	61.0	55.1	178.8	161.2
Abandonment spent <sup>1)</sup>	USDm	4.5	4.7	7.9	11.2	13.1
Reserve based lending facility - currently drawn	USDm	800.0	900.0	900.0	800.0	900.0
Net interest-bearing debt <sup>1)</sup>	USDm	892.1	1,018.7	1,132.6	892.1	1,132.6
Oil production	mboepd	19.6	20.8	20.9	20.9	20.4
Gas production	mboepd	5.5	5.7	6.2	5.8	6.4
<b>Total production</b>	<b>mboepd</b>	<b>25.1</b>	<b>26.5</b>	<b>27.1</b>	<b>26.7</b>	<b>26.7</b>
Over/under-lift	mboepd	0.6	4.0	(0.1)	0.7	(0.6)
Realised Oil price	USD/boe	103.4	112.7	72.5	105.9	65.5
+/- Effect of hedges	USD/boe	(23.6)	(31.0)	(15.5)	(28.7)	(8.7)
<b>Effective Oil price<sup>1)</sup></b>	<b>USD/boe</b>	<b>79.8</b>	<b>81.7</b>	<b>57.0</b>	<b>77.2</b>	<b>56.8</b>
Realised Gas price	EUR/MWh	192.8	93.1	43.5	125.6	27.1
+/- Effect of hedges	EUR/MWh	(33.2)	(9.9)	(9.4)	(28.9)	(3.9)
<b>Effective Gas price<sup>1)</sup></b>	<b>EUR/MWh</b>	<b>159.6</b>	<b>83.2</b>	<b>34.1</b>	<b>96.7</b>	<b>23.2</b>

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

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

## Financial review

Selected data from consolidated statement of comprehensive income

All figures in USD million	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Total revenue	293.5	264.6	150.2	737.2	390.0
EBITDA	197.6	167.0	65.4	471.4	152.6
EBIT	167.6	132.3	37.6	369.6	71.1
Result before tax	136.5	42.0	5.3	161.4	(30.5)
Net result for the period	(12.0)	(49.3)	3.0	(106.1)	(25.2)
Earnings per share	(0.5)	(2.0)	0.1	(4.3)	(1.1)

The Company had **revenues** of USD 293.5 million in the third quarter of 2022 mainly related to oil and gas sales from the Danish Underground Consortium (DUC) fields, this compares to USD 264.6 million in the previous quarter. The increase compared to last quarter were related to significant increase in the gas commodity prices, net of hedging effects.

**Production expenses** amounted to USD 86.2 million in the third quarter of 2022 compared to USD 90.2 million in the previous quarter. Of this amount USD 78.6 million was directly attributable to the lifting and transport of the Company's oil and gas production. The current quarter is influenced by increased well recovery activities to maintain base production. Current quarter includes costs of USD 4.4 million due to increased over-lift position and USD 2.5 million costs reduction related to increased oil inventory position. In addition, USD 5.2 million related to offshore insurance expenses. The production cost directly attributable to the lifting and transport of the Company's oil and gas production amounted to USD 34.0 per boe in the third quarter of 2022 compared to USD 28.5 per boe in the previous quarter, the increase in cost per boe were mainly related to the increased well activities in addition to lower production due to the planned NOGAT pipeline shutdown.

**Operating result (EBITDA)** in the third quarter of 2022 was a profit of USD 197.6 million, compared to USD 167.0 million in previous quarter. This increase mainly relates to higher revenue as a result of the current gas commodity price environment.

**Net Financial items** amounted to an expense of USD 31.1 million for the third quarter of 2022, compared to an expense of USD 90.3 million in the previous quarter. The decrease in net

financial cost was mainly related to the negative fair value adjustment on NOR13's embedded derivative last quarter. Increased financial income mainly due to positive value adjustment of unrealized interest swap. Decreased interest expenses on the RBL facility due to the reduced draw down.

**Income tax** amounted to USD 148.5 million for the third quarter of 2022 compared to USD 91.3 million for the previous quarter. The increase in income tax was partly due to the difference in operating results and more significantly, the deferred tax movement related to FX adjustment of net operating losses carried forward in DKK. YTD 2022 current income tax amounted to a cost of USD 117.3 million and deferred tax movements amounted to USD 150.2 million, which corresponds to a statutory 64% on result before tax on hydrocarbon income in Noreco Oil Denmark and Noreco Petroleum Denmark, adjusted with the effects of investment uplift and the estimated additional tax pertaining to the special Tyra Redevelopment tax incentives implemented in 2017. This additional tax is triggered from 2022 and onwards, if commodity prices exceed certain thresholds. It constitutes a repayment of tax benefits previously received from the incentive scheme, in the case of market conditions significantly improving compared to the assumptions in 2017, where the incentive scheme was decided in order to facilitate Tyra Redevelopment. Effective 0% tax on result before tax in Norway and UK and effective 22 % tax on result before tax in Noreco Olie- og Gasudvinding Denmark and Noreco DK Pipeline.

**Net result** for the third quarter of 2022 was a loss of USD 12.0 million, compared to a USD 49.3 million loss for the previous quarter.

Selected data from the consolidated statement of financial position

All figures in USD million	30.09.2022	30.06.2022	31.12.2021	30.09.2021
Total non-current assets	2,723.6	2,875.2	2,806.9	2,789.4
Total current assets	488.5	420.0	283.0	290.6
Total assets	3,212.1	3,295.2	3,089.9	3,080.0
Total equity	483.6	432.2	492.2	494.9
Interest bearing debt	1,106.7	1,195.1	1,204.3	1,198.9
Asset retirement obligations	1,044.4	1,040.6	1,029.2	959.4

**Total non-current assets** amounted to USD 2.7 billion at the end of third quarter of 2022, of which USD 2.0 billion related to property, plant and equipment, in addition to intangible assets of USD 161.2 million, deferred tax asset of USD 352.2 million, derivatives related to the RBL interest swap and gas hedges of USD 31.1 million and USD 197.1 million in restricted cash, relating to cash pledged to Total as security for DUC cash call obligations, security against Nini/Cecilie abandonment costs.

**Total current assets** amounted to USD 488.5 million at the end of third quarter of 2022, USD 77.5 million in trade receivables and accrued revenue, mainly related to oil and gas revenue, USD 14.9 million in prepayments mainly related to prepaid premium for the offshore and non-payment insurance, USD 273.1 million of cash and USD 57.3 million related to inventory.

**Total equity** amounted to USD 483.6 million at the end of the third quarter of 2022, compared to USD 432.2 million at the end of Q2 2022. Increase in equity was mainly related to gain from fair value adjustment of hedges, caused by new gas hedges at favourable prices and lower forward prices for oil at the end of third quarter compared to last quarter. This was partly offset by net loss for the period.

**Interest-bearing debt** amounted to USD 1.1 billion at the end of third quarter of 2022. The convertible bond loan NOR13 had a book value of USD 149.1 million at the end of the third quarter of 2022, following the two conversions that took place where USD 1.8 million was derecognised from bond loan to equity. The bond loan is valued at amortised cost and the embedded derivatives are accounted for as a derivative liability at fair value through profit and loss. Noreco's USD 1.1 billion RBL facility, drawn at USD 800 million on 30 September 2022 and with maximum cash drawings capacity of USD 1.0 billion, had a book value of USD 762.3 million at the end of the third quarter. In Q3 2022 a repayment of USD 100 million on the RBL facility was done. The senior unsecured bond loan NOR14 had a book value of USD 170.3 million at the end of the period. The RBL facility and the unsecured bond loan are valued at amortised cost. In addition, the interest-bearing debt includes deferred consideration with a book value of USD 25 million.

**Asset retirement obligations** amounted to USD 1,044.4 million at the end of third quarter of 2022, compared to USD 1,040.6 million at the end of Q2 2022. USD 984.3 million is related to the DUC assets, USD 55.8 million to Nini/Cecilie, USD 2.4 million to Lulita and USD 1.9 million to the Tyra F-3 pipeline. The Nini/Cecilie asset retirement obligation is secured through an escrow account of USD 55.8 million.

Selected data from the consolidated statement of cash flows

All figures in USD million	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Cash flow from operating activities	215.3	183.4	84.3	485.7	(19.2)
Cash flow used in investing activities	(71.2)	(65.9)	(58.6)	(191.6)	(167.7)
Cash flow from financing activities	(112.8)	(22.4)	(17.8)	(143.6)	80.0
Net change in cash and cash equivalents	31.2	95.1	7.9	150.5	(106.9)
Cash and cash equivalents	273.1	241.9	152.4	273.1	152.4

**Cash flow from operating activities** amounted to USD 215.3 million for the third quarter of 2022, compared to USD 183.4 million for the previous quarter. Cash flow from operating activities excluding changes in working capital amounted to USD 201.9 million for the third quarter of 2022, compared to USD 171.1 million for the previous quarter. The increase in cash flow from working capital mainly relate to a decrease in accounts receivable and increased over-lift position. This is partly offset by an increase in accounts payable and pre-payments related to offshore insurance.

**Cash flow used in investing activities** amounted to negative USD 71.2 million for the quarter, compared to negative USD 65.9 million for the previous quarter. The cash flow used in investing activities were mainly related to investments in the DUC asset of which USD 63.3 million related to the Tyra Redevelopment and USD 4.5 million in abandonment

expenditure were paid which were related to Gorm, Tyra and Dan.

**Cash flow from financing activities** amounted to negative USD 112.8 million for the third quarter of 2022, compared to negative USD 22.4 million for the previous quarter. The increase relates to a downpayment of USD 100.0 million on the RBL facility. This was partly offset by lower interest payment due to NOR14 that is paid every 6 months and increased settlement from hedges.

**Net change in cash and cash equivalents** amounted to positive USD 31.2 million at the end of the quarter compared to positive USD 95.1 million for the previous quarter. Cash and cash equivalents were in total USD 273.1 million at the end of third quarter 2022.

## Risk Mitigation

The Company actively seeks to reduce exposure to the risk of fluctuating commodity prices through the establishment of hedging arrangements. To achieve this, Noreco has executed a hedging policy in the market and entered into forward contracts.

As a result of the agreement to acquire Shell Olie- og Gasudvinding Danmark B.V. on 31 July 2019, Noreco 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 Noreco's claims during the Protection Period and would only be paid if production far exceeded current guidance.

As required by Noreco's hedging policy, the Company has entered into forward contracts with financial institutions in the market to reduce the Company's exposure to commodity price volatility. These contracts protect the minimum oil and gas prices Noreco will receive during 2022 to 2024 and are financially settled monthly.

Complementary to the Company's hedging policy, Noreco has a rolling hedge requirement as part of the RBL Facility that is based on the RBL banking case production forecast. This requires that price hedging be in place, at no less than 90% of the corresponding RBL banking case price forecast, for the following amounts: (1) Either (i) a minimum of 50% of oil equivalent volumes for the following 12 months, or (ii) a minimum of 50% of the oil volume only, plus a minimum of 20% of the gas volume only; (2) in the period from 12 to 24 months a minimum 40% of the oil volume only; and (3) in the period from 24 to 36 months a minimum of 10% of the oil volume only. These levels are subject to a maximum level in every period of 70% of oil equivalent production, and the volumetric measure on which the relevant percentages are calculated excludes all production from the Tyra Redevelopment until completion as defined in the RBL Facility. At the end of Q3 2022, Noreco is in full compliance with the RBL hedging requirements.

In addition to the Company's commodity price hedging, Noreco entered into an Interest Rate Swap in Q3 2021. The contract is to fix the floating SOFR interest rate (switched from LIBOR from 01 November 2021) applicable to the RBL Facility. The Company has fixed the interest rate for the maximum drawings of USD 1.0 billion of the facility from 01 November 2021 to 30 June 2024 at a blended average rate of 0.4041% with several RBL syndicate banks.

For risks and responses related to the ongoing war in Ukraine, please refer to the Health, Safety and Environment section of the report.

	Volume hedged oil (mboe)	Average hedged price (\$/bbl)	Volume hedged gas (MWh)	Average hedged price (EUR/MWh)
2022 (Oct-Dec)	0.9	55.6	374,995	165.5
2023	4.1	53.0	839,992	168.1
2024	2.4	62.2	45,000	260.0

## Operational review

### Production

Key figures	Unit	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Dan hub	mboepd	6.9	8.2	8.2	7.8	8.0
Gorm hub	mboepd	4.7	4.8	4.0	5.0	4.0
Halfdan hub	mboepd	13.5	13.5	14.9	13.9	14.7
Tyra hub	mboepd	0.0	0.0	0.0	0.0	0.0
Total production	mboepd	25.1	26.5	27.1	26.7	26.7
Over/under-lift	mboepd	0.6	4.0	(0.1)	0.7	(0.6)
Net sales	mboepd	25.7	30.5	27.0	27.4	26.2
Oil sales	mboepd	20.2	24.8	20.8	21.6	19.8
Gas sales	mboepd	5.5	5.7	6.2	5.8	6.3
Operating efficiency <sup>1)</sup>	%	88.7 %	90.3 %	82.4 %	90.5 %	81.0 %

1) Operating efficiency is calculated as: delivered production / (delivered production + planned shortfalls + unplanned shortfalls), Q2 2022 updated with actuals for June 2022

Third quarter average production in Q3 2022 was slightly higher than the third quarter guidance of 24.0 – 25.0 mboepd. This is especially due to the high uptime for all three hubs and the well managed NOGAT pipeline maintenance shutdown. It was mainly the gas production from the Dan hub and the Halfdan hub that was impacted by the planned maintenance shutdown on NOGAT pipeline. Further, the Dan hub was impacted by compressor issues in August and September that have now been resolved. Gorm hub continued its strong production during the quarter. Halfdan uptime was significantly higher in this quarter compared to last quarter.

The Operator continues to have a strong focus on stable water injection into all the four water injected fields, and a strategic ambition to improve operational efficiency to 90% for DUC overall by reducing unplanned shortfalls and optimizing the schedule for planned shortfalls.



## Dan hub

Key figures	Unit	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Dan	mboepd	6.4	7.6	7.2	7.2	7.0
Kraka	mboepd	0.5	0.6	1.0	0.6	1.0
Operating efficiency <sup>*)</sup>		83.1%	96.7 %	79.9%	90.9%	82.0%

\*) Q2 2022 updated with actuals for June 2022

Third quarter average production was slightly lower than expected mainly due to compressor issues on Dan FF and a subsequent reinstatement of the compressor resulting in a lower uptime in August. The planned NOGAT pipeline shutdown in September impacted the uptime and the gas export of the Dan hub as well.

## Gorm hub

Key figures	Unit	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Gorm	mboepd	1.7	1.9	1.5	2.9	1.5
Rolf	mboepd	0.3	0.3	0.3	0.5	0.2
Skjold	mboepd	2.7	2.6	2.2	4.2	2.2
Operating efficiency <sup>*)</sup>		84.4%	84.6 %	71.3%	86.2%	70.0%

\*) Q2 2022 updated with actuals for June 2022

Third quarter average production remained strong at 4.7 mboepd from the Gorm hub primarily due to high operational efficiency.

## Halfdan hub

Key figures	Unit	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Halfdan	mboepd	13.5	13.5	14.9	13.9	14.7
Operating efficiency <sup>*)</sup>		93.7%	88.9 %	86.7%	92.1%	84.0%

\*) Q2 2022 updated with actuals for June 2022

Third quarter average production was similar to last quarter due to the restimulation of the HCA gas wells carried out end June/beginning of July and the uptime that has been very high during the entire quarter. However, the gas export was impacted in September by the planned NOGAT pipeline shutdown.

## Tyra hub

Key figures	Unit	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Tyra	mboepd	-	-	-	-	-
Harald	mboepd	-	-	-	-	-
Lulita	mboepd	-	-	-	-	-
Roar	mboepd	-	-	-	-	-
Svend	mboepd	-	-	-	-	-
Valdemar	mboepd	-	-	-	-	-
Operating efficiency	%	-	-	-	-	-

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 mboe. 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.

Project efforts are being executed locally in Esbjerg and offshore in the Danish North Sea, and the fabrication of the new installations have been completed in Italy, Singapore and Batam in Indonesia. The scope of the project includes removal of old facilities, modifying existing ones, and installing new features. The two old process and accommodation platforms have been replaced by one new process platform and one new accommodation platform. The four wellhead platforms and two

riser platforms had their jackets extended by 13 meters, and the topsides were replaced.

During the quarter, further progress was made on the yard fabrication of the process module and the TEG sailed away from Batam 1 September 2022, and on 4 October Sleipnir lifted the process module into place on the waiting jackets at the Tyra field followed by an installation. On 8-9 October 2022 the remaining two bridges and flare tower was lifted in place, and as such, Tyra II now has its final shape with all major lifts and installations completed.

On 3 August 2022, the Company and its partners in the DUC announced a revision of the Tyra start-up date, from Q2 2023 to winter 2023/2024. The revision was driven by global supply chain challenges that had impacted the yard fabrication of the process module in addition to a revised plan by the Operator of the ongoing hook-up and commissioning work offshore.

## **Health, Safety and the Environment**

Noreco 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 Noreco's operations and business performance.

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

The Danish Offshore Safety Act is the legal framework for promotion of a high level for health and safety offshore and for creating a framework enabling the companies to solve offshore health and safety issues themselves. The Danish Offshore Safety Act generally applies to all offshore activities related to hydrocarbon facilities, infrastructure and pipelines connected hereto. Licensees under the Danish Subsoil Act are required to identify, assess and reduce health and safety risks as much as reasonably practicable, as well as be compliant with the ALARP (As Low As Reasonably Practicable) principle. Furthermore, the licensee shall ensure that operators are able to fulfil the safety and health obligations pursuant to the Danish Offshore Safety Act.

Following the breakout of COVID-19 in 2020 Noreco put in place business continuity actions which continues to provide the Company with infrastructure and systems that allow all staff to work remotely and, as such, Noreco is able to fully continue operating the Company while safeguarding its employees.

As a response to Russia's invasion of Ukraine 24 February 2022, the Company has further elevated its IT security-related routines and IT-systems to protect itself against cyber criminality and similar. Following the sabotage on the Nord Stream 1 and Nord Stream 2 pipelines in September 2022, Danish Energy Agency (Energibestyrelsen) raised the preparedness level of the Danish energy sector which was immediately implemented by the operator TotalEnergies.

As a response to the challenges in the European gas markets, Noreco has together with its partners in the DUC identified several infill well opportunities where Final Investment Decision is expected in 2022 and 2023. Noreco 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 Noreco meet its objective of supporting Energy Security in Denmark and the EU.

## **Governance and organization**

The number of employees was 30 at the end of the third quarter.

The board of directors of the Company wishes to maintain an appropriate standard on corporate governance and to fulfil the recommendations in the Norwegian Code of Practice for Corporate Governance. Corporate governance in Noreco is based on equal treatment of all shareholders through the activity that the board and General Assembly practice. Safeguarding the Company's people, assets and financial position remain the board's key priorities including how best to position the Company for future value enhancing opportunities.

The board has committees to further strengthening the corporate governance standard of the Company, the Nomination Committee, Audit Committee and the Remuneration Committee. In addition, an ESG Committee was established in 2020 supporting Noreco's commitment to ESG and evolving the Company's role as a contributor in the energy transition.

## Risks and uncertainties

An investment in Noreco involves risks and uncertainties as described in the Company's annual report for 2021. Noreco's business, results from operations, cash flow and financial condition depend on the level of oil and gas prices and market expectations of these. Further, Noreco is dependent on successfully developing and producing oil and gas reserves that are economically recoverable. Unless the Company replaces its oil and gas reserves, its reserves and production will decline, which over time could adversely affect its business, financial condition and results of operations. Noreco is also exposed to risks such as, but not limited to, changes in exchange rates, interest rates, tax, regulations and access to capital.

## Outlook

Noreco has built a stable business that is underpinned by the Company's position in the DUC. Noreco 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 as a result of price hedging arrangements the Company has in place and pro-active steps taken by the operator of the DUC. 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 the winter season 2023 / 2024. Once onstream, Tyra II will significantly enhance Noreco's base production and the Company also expects field operating expenditure to decrease significantly, with direct field opex below USD 13 per barrel. The Company expects the following production for 2022:

	Unit	2022 Guidance	2021
Production	mboepd	25.5-27.0	25.5-27.5

# Condensed Consolidated Statement of Comprehensive Income

Noreco Third Quarter 2022

All figures in USD million	Note	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Revenue	2	293.5	264.6	150.2	737.2	390.0
<b>Total revenues</b>		<b>293.5</b>	<b>264.6</b>	<b>150.2</b>	<b>737.2</b>	<b>390.0</b>
Production expenses	3	(86.2)	(90.2)	(77.6)	(243.4)	(220.4)
Exploration and evaluation expenses		(0.2)	(0.1)	(0.5)	(0.1)	(0.6)
Personnel expenses		(2.8)	(2.9)	(3.1)	(8.0)	(8.4)
Other operating expenses		(6.6)	(4.5)	(3.6)	(14.3)	(8.0)
<b>Total operating expenses</b>		<b>(95.9)</b>	<b>(97.6)</b>	<b>(84.8)</b>	<b>(265.8)</b>	<b>(237.4)</b>
<b>Operating result (EBITDA)</b>		<b>197.6</b>	<b>167.0</b>	<b>65.4</b>	<b>471.4</b>	<b>152.6</b>
Depreciation / amortisation	7	(30.1)	(34.7)	(27.8)	(101.8)	(81.5)
<b>Net operating result (EBIT)</b>		<b>167.6</b>	<b>132.3</b>	<b>37.6</b>	<b>369.6</b>	<b>71.1</b>
Financial income	4	13.9	6.7	5.6	25.4	22.9
Financial expenses	4	(44.9)	(97.1)	(37.9)	(233.6)	(124.4)
<b>Net financial items</b>		<b>(31.1)</b>	<b>(90.3)</b>	<b>(32.3)</b>	<b>(208.2)</b>	<b>(101.6)</b>
<b>Result before tax (EBT)</b>		<b>136.5</b>	<b>42.0</b>	<b>5.3</b>	<b>161.4</b>	<b>(30.5)</b>
Income tax benefit / (expense)	5	(148.5)	(91.3)	(2.3)	(267.5)	5.2
<b>Net result for the period</b>		<b>(12.0)</b>	<b>(49.3)</b>	<b>3.0</b>	<b>(106.1)</b>	<b>(25.2)</b>
<b>Other comprehensive income (net of tax):</b>						
Items that may be subsequently reclassified to profit or loss:						
Realized cash flow hedge, reclassified to profit or loss		71.8	77.7	39.5	226.4	68.7
Related tax - realized cash flow hedge		(45.9)	(49.7)	(25.3)	(144.9)	(44.0)
Changes in fair value derivative instruments		101.7	(31.3)	(127.9)	(152.7)	(370.6)
Related tax - changes in fair value		(64.8)	25.5	81.9	114.3	237.2
Currency translation adjustment		(2.3)	(2.5)	(1.0)	(5.5)	(2.2)
<b>Total other comprehensive income (net of tax)</b>		<b>60.5</b>	<b>19.7</b>	<b>(32.8)</b>	<b>37.5</b>	<b>(110.9)</b>
<b>Total comprehensive income (net of tax)</b>		<b>48.5</b>	<b>(29.6)</b>	<b>(29.9)</b>	<b>(68.6)</b>	<b>(136.1)</b>
Weighted average no. of shares outstanding, basic		25,518,676	24,676,836	24,110,852	24,815,593	24,110,852
Weighted average no. of shares outstanding, diluted		31,627,671	30,680,574	35,552,985	30,924,588	35,552,985
Basic earnings/loss USD per share		(0.5)	(2.0)	0.1	(4.3)	(1.1)
Diluted earnings/loss USD per share		(0.5)	(2.0)	0.1	(4.3)	(1.1)

# Condensed Consolidated Statement of Financial Position

Noreco Third Quarter 2022

All figures in USD million	Note	30.09.2022	30.06.2022	31.12.2021	30.09.2021
<b>Non-current assets</b>					
Exploration & evaluation assets	6	161.2	162.4	166.0	168.1
Deferred tax assets	5	352.2	515.2	526.3	623.6
Property, plant and equipment	7	1,981.3	1,944.2	1,898.7	1,789.7
Right of Use asset		0.5	0.5	0.7	0.8
Restricted cash	10, 13	197.1	200.1	205.5	207.0
Derivative instruments	13	31.1	52.7	9.7	0.1
<b>Total non-current assets</b>		<b>2,723.6</b>	<b>2,875.2</b>	<b>2,806.9</b>	<b>2,789.4</b>
<b>Current assets</b>					
Derivative instruments	13	64.5	6.1	-	-
Trade receivables and other current assets	8	93.5	118.2	108.9	82.0
Inventories	9	57.3	53.8	51.4	56.0
Bank deposits, cash and cash equivalents	10	273.1	241.9	122.6	152.4
<b>Total current assets</b>		<b>488.5</b>	<b>420.0</b>	<b>283.0</b>	<b>290.6</b>
<b>Total assets</b>		<b>3,212.1</b>	<b>3,295.2</b>	<b>3,089.9</b>	<b>3,080.0</b>
<b>Equity</b>					
Share capital	15	5.6	5.5	29.5	29.5
Other equity		478.0	426.7	462.7	465.3
<b>Total equity</b>		<b>483.6</b>	<b>432.2</b>	<b>492.2</b>	<b>494.9</b>
<b>Non-current liabilities</b>					
Asset retirement obligations	14	1,024.3	1,018.5	1,003.0	938.7
Convertible bond loan	11, 13	149.1	143.7	157.1	150.0
Bond loan	11, 13	170.3	165.8	164.9	168.3
Reserve based lending facility	11, 13	762.3	860.7	857.3	855.6
Derivative instruments	13	145.0	233.3	100.9	99.5
Other non-current liabilities	11	0.4	0.4	25.4	25.5
<b>Total non-current liabilities</b>		<b>2,251.5</b>	<b>2,422.4</b>	<b>2,308.6</b>	<b>2,237.6</b>
<b>Current liabilities</b>					
Asset retirement obligations	14	20.1	22.1	26.2	20.7
Tax payable	5	146.3	49.6	16.0	22.7
Derivative instruments	13	165.5	216.3	116.3	173.7
Trade payables and other current liabilities	12, 11	145.2	152.6	130.5	130.3
<b>Total current liabilities</b>		<b>477.0</b>	<b>440.6</b>	<b>289.1</b>	<b>347.5</b>
<b>Total liabilities</b>		<b>2,728.5</b>	<b>2,863.0</b>	<b>2,597.7</b>	<b>2,585.1</b>
<b>Total equity and liabilities</b>		<b>3,212.1</b>	<b>3,295.2</b>	<b>3,089.9</b>	<b>3,080.0</b>

# Condensed Consolidated Statement of Changes in Equity

Noreco Third Quarter 2022

All figures in USD million	Share capital	Share premium fund	Treasury share reserve	Currency translation fund	Cash flow hedge reserve	Other equity	Total equity
<b>2021</b>							
<b>Equity as of 01.01.2021</b>	<b>29.5</b>	<b>707.0</b>	<b>(0.5)</b>	<b>5.6</b>	<b>14.3</b>	<b>(126.0)</b>	<b>629.9</b>
Net result for the period						(25.2)	(25.2)
<b>Other comprehensive income</b>							
Realized cash flow hedge	-	-	-	-	68.7	-	68.7
Related tax - realized cash flow hedge	-	-	-	-	(44.0)	-	(44.0)
Changes in fair value	-	-	-	-	(370.6)	-	(370.6)
Related tax - changes in fair value	-	-	-	-	237.2	-	237.2
Currency translation adjustments	-	-	-	(2.2)	-	-	(2.2)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.2)</b>	<b>(108.7)</b>	<b>-</b>	<b>(110.9)</b>
Share-based incentive program	-	-	-	-	-	1.1	1.1
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.1</b>	<b>1.1</b>
<b>Equity as of 30.09.2021</b>	<b>29.5</b>	<b>707.0</b>	<b>(0.5)</b>	<b>3.4</b>	<b>(94.4)</b>	<b>(150.2)</b>	<b>494.9</b>
<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>(178.9)</b>	<b>492.2</b>
Net result for the period						(106.1)	(106.1)
<b>Other comprehensive income</b>							
Realized cash flow hedge, reclassified to profit or loss	-	-	-	-	226.4	-	226.4
Related tax - realized cash flow hedge	-	-	-	-	(144.9)	-	(144.9)
Changes in fair value	-	-	-	-	(152.7)	-	(152.7)
Related tax - changes in fair value	-	-	-	-	114.3	-	114.3
Currency translation adjustments	-	-	-	(5.5)	-	-	(5.5)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5.5)</b>	<b>43.1</b>	<b>0.0</b>	<b>37.6</b>
Issue of shares	1.4	32.2	-	-	-	-	33.6
Capital reduction, approved not registered	(25.4)	25.4	-	-	-	-	-
Settlement derivatives / conversion NOR13	-	-	-	-	-	21.0	21.0
Share-based incentive program	-	-	-	-	-	0.2	0.2
Sale of shares	-	-	0.3	-	-	4.9	5.2
<b>Total transactions with owners for the period</b>	<b>(23.9)</b>	<b>57.5</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>26.1</b>	<b>60.1</b>
<b>Equity as of 30.09.2022</b>	<b>5.6</b>	<b>764.5</b>	<b>(0.2)</b>	<b>(3.0)</b>	<b>(24.4)</b>	<b>(259.0)</b>	<b>483.6</b>

# Condensed Consolidated Statement of Cash Flows

Noreco Third Quarter 2022

All figures in USD million	Note	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
<b>Cash flows from operating activities</b>						
Net result for the period		(12.0)	(49.3)	3.0	(106.1)	(25.2)
<b>Adjustments for:</b>						
Income tax benefit / (expense)	5	148.5	91.3	2.3	267.5	(5.2)
Tax paid / received		0.4	(0.1)	-	6.1	-
Depreciation	7	30.1	34.7	27.8	101.8	81.5
Share-based payments expenses		0.2	0.0	0.3	0.1	1.1
Net financial item	4	34.7	94.4	32.3	217.2	101.6
Net gain sale of assets		-	-	-	(0.2)	-
<b>Changes in:</b>						
Trade receivable	8	28.4	(0.6)	(0.4)	9.0	(3.4)
Trade payables <sup>1)</sup>	12	(12.1)	(7.2)	28.6	(20.9)	(148.7)
Inventories and spare parts	9	(3.6)	3.4	(5.7)	(5.9)	(16.5)
Prepayments	8	(3.7)	4.8	(7.8)	5.1	2.4
Over/under-lift	8, 12	4.4	11.9	4.0	11.8	(6.6)
Other current balance sheet items		0.0	0.0	0.0	0.1	(0.1)
<b>Cash flow from operating activities</b>		<b>215.3</b>	<b>183.4</b>	<b>84.3</b>	<b>485.7</b>	<b>(19.2)</b>
<b>Cash flows from investing activities</b>						
Consideration sale of asset		-	-	-	0.3	-
Volume guarantee	8	-	-	-	-	14.6
Tax paid / received <sup>2)</sup>		-	-	2.3	-	2.4
Investment in oil and gas assets	7	(65.3)	(61.0)	(55.1)	(178.8)	(161.2)
Investment in exploration & evaluation assets		(0.7)	-	0.1	(1.2)	0.5
Abandonment paid		(4.5)	(4.7)	(7.9)	(11.2)	(13.1)
Changes in restricted cash accounts	10	(0.7)	(0.1)	1.9	(0.7)	(10.9)
<b>Cash flow from investing activities</b>		<b>(71.2)</b>	<b>(65.9)</b>	<b>(58.6)</b>	<b>(191.6)</b>	<b>(167.7)</b>
<b>Cash flows from financing activities</b>						
Long-term loans	11	(100.0)	-	-	(100.0)	148.8
Lease payments		(0.1)	(0.3)	(0.2)	(0.5)	(0.6)
Sale of shares		-	1.8	-	5.2	-
Transaction costs related to financing		-	-	(5.7)	(0.0)	(27.5)
Interest paid		(14.1)	(19.2)	(10.5)	(43.1)	(36.1)
Settled hedges		4.3	1.0	0.6	5.0	(1.6)
Other financial items		(3.0)	(5.7)	(2.0)	(10.1)	(3.1)
<b>Cash flow from financing activities</b>		<b>(112.8)</b>	<b>(22.4)</b>	<b>(17.8)</b>	<b>(143.6)</b>	<b>80.0</b>
Net change in cash and cash equivalents		31.2	95.1	7.9	150.5	(106.9)
Cash and cash equivalents at the beginning of the period		241.9	146.8	144.5	122.6	259.3
<b>Cash and cash equivalents at end of the quarter</b>		<b>273.1</b>	<b>241.9</b>	<b>152.4</b>	<b>273.1</b>	<b>152.4</b>

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

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



# Notes

## 1

## Accounting Principles

Norwegian Energy Company ASA (“Noreco”, “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, 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 third quarter of 2022 of 2022 comprise Norwegian Energy Company ASA (Noreco) 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 third quarter of 2022 were approved by the Board of Directors on 25 October 2022.

### 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 Q3 2023.

### Reference to summary of significant accounting policies

These interim financial statements are prepared using the same accounting principles as the annual financial statements for 2021.

For the full summary of significant accounting policies, reference is made to the annual financial statements for 2021.

### 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	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Sale of oil	148.7	184.5	109.0	454.8	302.1
Sale of gas and NGL	143.5	78.7	39.5	277.8	82.6
Other income	1.4	1.4	1.6	4.6	5.2
<b>Total Revenue</b>	<b>293.5</b>	<b>264.6</b>	<b>150.2</b>	<b>737.2</b>	<b>390.0</b>
Oil - lifted volumes (mmbbl)	1.86	2.26	1.91	5.89	5.31
<b>Effective Oil price USD/bbl<sup>1)</sup></b>	<b>79.8</b>	<b>81.7</b>	<b>57.0</b>	<b>77.2</b>	<b>56.9</b>
Gas - lifted volumes (mmboe)	0.5	0.5	0.6	1.6	1.7
Effective Gas price EUR/MWh	159.6	83.2	34.1	96.7	23.2
<b>Effective Gas price USD/boe</b>	<b>280.7</b>	<b>149.9</b>	<b>69.0</b>	<b>174.2</b>	<b>47.7</b>

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

In the third quarter, Noreco's sale of oil amounted to USD 148.7 million and sale of gas amounted to USD 143.5 million, realised prices were USD 79.8 per bbl of oil and EUR 159.6 per MWh of gas lifted during the period, adjusted for settlement of price hedges in place with financial institutions.

During the third quarter, all of Noreco's settlement of price 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.

## 3

## Production Expenses

USD million	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Direct field opex	(65.9)	(49.4)	(55.2)	(166.5)	(157.8)
Tariff and transportation expenses	(8.1)	(9.8)	(9.2)	(27.9)	(34.8)
Production G&A	(4.6)	(9.7)	(12.4)	(23.8)	(36.2)
<b>Field operating cost</b>	<b>(78.6)</b>	<b>(68.9)</b>	<b>(76.8)</b>	<b>(218.2)</b>	<b>(228.8)</b>
Total produced volumes (mmboe)	2.3	2.4	2.5	7.3	7.3
In USD per boe	(34.0)	(28.5)	(30.8)	(29.9)	(31.3)
<b>Adjustments for:</b>					
Change in inventory position	2.5	(3.5)	6.4	5.2	4.6
Over/under-lift of oil and NGL	(4.4)	(11.9)	(4.0)	(11.8)	6.6
Insurance & Other	(5.2)	(4.8)	(5.3)	(14.7)	(16.3)
Stock Scrap	(0.5)	(1.1)	2.1	(4.0)	13.4
<b>Production expenses</b>	<b>(86.2)</b>	<b>(90.2)</b>	<b>(77.6)</b>	<b>(243.4)</b>	<b>(220.4)</b>

Production expenses for the third quarter directly attributable to the lifting and transportation to market of Noreco's oil and gas production are in total USD 78.6 million, which equates to USD 34.0 per boe produced during the period compared to USD 28.5 per boe in Q2 2022. The increased cost per boe for Q3 compared to Q2 were mainly related to increased well recovery activities such as the Restimulation on Halfdan, the "Well Reservoir Opportunity Management" (WROM) and Integrity Recovery Project on Dan. Further a planned NOGAT shut down for 3 weeks caused reduced production during the quarter. Compared to last year 2022 is benefitting from the USD/DKK exchange rate. At the same time this year is influenced by high activity on workovers to maintain base production.

In the current period Noreco recognised a cost reduction of USD 2.5 million related to an increase in the Crude Oil inventory position and a cost of USD 4.4 million related to an increase in the over-lift position (measured at production cost). Stock scrap is a cost of USD 0.5 million.

## 4

## Financial Income and Expenses

## Financial Income

USD million	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Value adjustment interest swap unrealized <sup>1)</sup>	6.8	1.5	0.0	11.1	0.0
Value adjustment of embedded derivatives <sup>2)</sup>	-	-	-	-	5.2
Interest income	1.2	0.3	0.0	1.5	0.0
Foreign exchange gains	5.9	5.0	5.6	12.9	17.6
<b>Total financial income</b>	<b>13.9</b>	<b>6.7</b>	<b>5.6</b>	<b>25.4</b>	<b>22.9</b>

## Financial Expenses

USD million	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Value adjustment of embedded derivatives <sup>2)</sup>	(5.3)	(53.9)	(0.7)	(115.9)	-
Value adjustment - FX Contract	-	-	-	-	(1.0)
Value adjustment - amortised cost RBL	-	-	-	-	(5.3)
Utilisation of derivatives	-	(0.1)	-	(0.9)	(3.1)
Unrealized loss derivatives	-	-	-	-	(7.5)
Interest expense from bond loans	(11.5)	(11.8)	(11.4)	(34.9)	(32.1)
Interest expense from bank debt <sup>3)</sup>	(11.9)	(12.5)	(12.2)	(36.0)	(33.0)
Interest expenses current liabilities	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)
Accretion expense related to asset retirement obligations	(12.0)	(14.3)	(8.7)	(36.0)	(26.2)
Foreign exchange losses	(3.3)	(3.5)	(4.1)	(7.2)	(13.7)
Other financial expenses	(0.8)	(0.9)	(0.9)	(2.6)	(2.6)
<b>Total financial expenses</b>	<b>(44.9)</b>	<b>(97.1)</b>	<b>(37.9)</b>	<b>(233.6)</b>	<b>(124.4)</b>
<b>Net financial items</b>	<b>(31.1)</b>	<b>(90.3)</b>	<b>(32.3)</b>	<b>(208.2)</b>	<b>(101.6)</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 bond  
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 %. Any income deriving from other activities than first-time sales of hydrocarbons is taxed at the ordinary corporate income rate of currently 22 %. The 64 % is calculated as the sum of the "Chapter 2" tax of 25 % plus a specific hydrocarbon tax (chapter 3A) of 52 %, in which the 25 % tax payable is deductible. Income generated in Norway and United Kingdom is subject to regular corporate tax at 22 %.

**Tax expense****USD million**

<b>Income tax in profit/loss (Danish corporate income tax and hydrocarbon tax)</b>	<b>Q3 2022</b>	<b>YTD 2022</b>
Income tax current year	(85.6)	(88.6)
Repayment of tax benefit related to chapter 3b	(9.6)	(28.5)
Income tax for prior years	(0.2)	(0.2)
<b>Current income tax</b>	<b>(95.4)</b>	<b>(117.3)</b>
Deferred tax movements	(53.2)	(147.1)
Prior year adjustment, deferred tax	0.1	(3.2)
<b>Deferred tax expense</b>	<b>(53.1)</b>	<b>(150.2)</b>
<b>Tax (expense)/ income</b>	<b>(148.5)</b>	<b>(267.5)</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 % hydrocarbon tax.

**Tax (expense)/income related to other comprehensive income**

Cash flow hedges	(110.8)	(30.6)
<b>Tax (expense)/income related to other comprehensive income</b>	<b>(110.8)</b>	<b>(30.6)</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 % hydrocarbon tax.

<b>Reconciliation of nominal to actual tax rate:</b>	<b>Hydrocarbon tax 64%</b>		<b>Corporate tax 22%</b>		<b>In total</b>
	<b>Q3 2022</b>		<b>Q3 2022</b>		
Income (loss) before tax	145.8		(9.3)		136.5
Expected tax on profit before tax	93.3	64%	(2.0)	22%	91.2
<b>Tax effect of:</b>					
Prior year adjustment	0.1	0%	0.1	-1%	0.2
FX adjustment of net operating losses carried forward in DKK <sup>1)</sup>	61.9	42%	-	0%	61.9
Repayment of tax benefit related to chapter 3b <sup>2)</sup>	9.6	7%	-	0%	9.6
Investment uplift on CAPEX projects <sup>3)</sup>	(18.6)	-13%	-	0%	(18.6)
Permanent differences	-	0%	25.5	-274%	25.5
No recognition of tax assets in Norway and UK	-	0%	(21.3)	229%	(21.3)
<b>Tax expense (income) in profit/loss</b>	<b>146.2</b>	<b>100%</b>	<b>2.3</b>	<b>25%</b>	<b>148.5</b>

Reconciliation of nominal to actual tax rate, continues:	Hydrocarbon tax 64%		Corporate tax 22%		In total
	YTD 2022		YTD 2022		
Income (loss) before tax	304.7		(143.3)		161.4
Expected tax on profit before tax	195.0	64%	(31.5)	22%	163.5
<b>Tax effect of:</b>					
Prior year adjustment	3.4	1%	0.1	0%	3.5
FX adjustment of net operating losses carried forward in DKK <sup>1)</sup>	61.9	20%	-	0%	61.9
Repayment of tax benefit related to chapter 3b <sup>2)</sup>	28.5	9%	-	0%	28.5
Investment uplift on CAPEX projects <sup>3)</sup>	(24.5)	-8%	-	0%	(24.5)
Permanent differences	-	0%	25.5	-18%	25.5
No recognition of tax assets in Norway and UK	-	0%	9.2	6%	9.2
<b>Tax expense (income) in profit/loss</b>	<b>264.2</b>	<b>87%</b>	<b>3.3</b>	<b>2%</b>	<b>267.5</b>

1) Deferred tax movement no cash effect.

2) From 2022 and onwards, a special additional tax cost related to the Tyra Redevelopment 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 Tyra Redevelopment tax incentive rules during the development period. For 2022, Noreco estimates USD 28.5 million YTD.

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

	Q3 2022		Q3 2022		In total
<b>Other comprehensive income before tax</b>	172.8		0.6		173.5
Expected tax on other comprehensive income before tax	(110.6)	64%	(0.1)	22%	(110.8)
<b>Tax effect of:</b>					
Non-taxable currency translation adjustment	-		-		-
<b>Tax in other comprehensive income</b>	<b>(110.6)</b>	<b>64%</b>	<b>(0.1)</b>	<b>22%</b>	<b>(110.8)</b>

	YTD 2022		YTD 2022		In total
<b>Other comprehensive income before tax</b>	34.3		39.3		73.7
Expected tax on other comprehensive income before tax	(22.0)	64%	(8.7)	22%	(30.6)
<b>Tax effect of:</b>					
Non-taxable currency translation adjustment	-		-		-
<b>Tax in other comprehensive income</b>	<b>(22.0)</b>	<b>64%</b>	<b>(8.7)</b>	<b>22%</b>	<b>(30.6)</b>

#### Current income tax payable

Tax payable relates to the Group's entities in Denmark. The amounts payable as of 30.09.2022 were:

Hydrocarbon tax pertaining to pre-acquisition period 2019 not indemnified by the Seller	(10.2)
Corporate tax for prior years (Denmark)	(10.0)
Hydrocarbon and corporate tax for 2021 and 2022 (Denmark)	(97.6)
Repayment of tax benefit related to chapter 3b	(28.5)
<b>Tax payables</b>	<b>(146.3)</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 146.3 million, of which USD 128.0 million is an actual cash payable to be paid USD 19.0 million in 2022 and the rest in 2023.

As of 30 September 2022, the Company has provided an estimated USD 10.2 million pertaining to hydrocarbon tax in the part of pre-acquisition period, which is not indemnified by the Seller.

### Deferred tax

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

The 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	Effect	
Deferred tax and deferred tax asset	01.01.2022	recognized in profit/loss	recognized in OCI	30.09.2022
Property, plant and equipment	624.6	77.7	-	702.3
Intangible assets, licenses	17.2	4.3	-	21.5
Inventories and receivables	26.7	(1.1)	-	25.6
ARO provision	(611.1)	(9.9)	-	(621.1)
Other assets and liabilities	-	(2.3)	-	(2.3)
Tax loss carryforward, corporate tax (22%)	(2.0)	0.1	1.9	(0.0)
Tax loss carryforward, chapter 2 tax (25%)	(22.8)	13.9	8.6	(0.4)
Tax loss carryforward, chapter 3a tax (52%)	(558.3)	67.1	13.4	(477.9)
<b>Deferred tax asset, net</b>	<b>(525.7)</b>	<b>149.6</b>	<b>23.8</b>	<b>(352.2)</b>



## 6

## Intangible assets

<b>USD million</b>	<b>Capitalised exploration expenditures</b>	<b>Conceptual studies</b>	<b>Licence</b>	<b>Total</b>
<b>Book value 31.12.2021</b>	<b>1.4</b>	<b>-</b>	<b>164.7</b>	<b>166.0</b>
<b>Acquisition costs 31.12.2021</b>	<b>1.4</b>	<b>-</b>	<b>186.0</b>	<b>187.4</b>
Additions	0.5	-	-	0.5
<b>Acquisition costs 30.06.2022</b>	<b>1.8</b>	<b>-</b>	<b>186.0</b>	<b>187.8</b>
<b>Accumulated depreciation, amortization and write-downs 31.12.2021</b>	<b>-</b>	<b>-</b>	<b>(21.3)</b>	<b>(21.3)</b>
Depreciation / amortization	-	-	(4.1)	(4.1)
<b>Accumulated depreciation, amortization and write-downs 30.06.2022</b>	<b>-</b>	<b>-</b>	<b>(25.5)</b>	<b>(25.5)</b>
<b>Book value 30.06.2022</b>	<b>1.8</b>	<b>-</b>	<b>160.5</b>	<b>162.4</b>
<b>Acquisition costs 30.06.2022</b>	<b>1.8</b>	<b>-</b>	<b>186.0</b>	<b>187.8</b>
Additions	-	0.7	-	0.7
<b>Acquisition costs 30.09.2022</b>	<b>1.8</b>	<b>0.7</b>	<b>186.0</b>	<b>188.6</b>
<b>Accumulated depreciation, amortization and write-downs 30.06.2022</b>	<b>-</b>	<b>-</b>	<b>(25.5)</b>	<b>(25.5)</b>
Depreciation / amortization	-	-	(1.9)	(1.9)
<b>Accumulated depreciation, amortization and write-downs 30.09.2022</b>	<b>-</b>	<b>-</b>	<b>(27.4)</b>	<b>(27.4)</b>
<b>Book value 30.09.2022</b>	<b>1.8</b>	<b>0.7</b>	<b>158.6</b>	<b>161.2</b>

## 7

## Property, Plant and Equipment

USD million	Asset under construction	Production facilities	Other assets	Total
<b>Book value 31.12.21</b>	<b>818.5</b>	<b>1,078.5</b>	<b>1.7</b>	<b>1,898.7</b>
Acquisition costs 31.12.21	818.5	1,346.6	3.1	2,168.2
Sale of asset	-	(0.2)	(0.2)	(0.4)
Additions	106.1	7.3	0.1	113.5
Currency translation adjustment	-	(0.2)	(0.1)	(0.3)
<b>Acquisition costs 30.06.22</b>	<b>924.7</b>	<b>1,353.5</b>	<b>2.9</b>	<b>2,281.1</b>
Accumulated depreciation, amortization and write-downs 31.12.21	-	(268.2)	(1.4)	(269.6)
Sale of asset, reversal depreciation	-	0.1	-	0.1
Depreciation / amortization	-	(67.2)	(0.2)	(67.4)
Currency translation adjustment	-	0.0	0.0	0.1
<b>Accumulated depreciation, amortization and write-downs 30.06.22</b>	<b>-</b>	<b>(335.3)</b>	<b>(1.5)</b>	<b>(336.8)</b>
<b>Book value 30.06.22</b>	<b>924.7</b>	<b>1,018.2</b>	<b>1.4</b>	<b>1,944.2</b>
Acquisition costs 30.06.22	924.7	1,353.5	2.9	2,281.1
Additions	64.4	0.9	0.0	65.3
Currency translation adjustment	-	(0.1)	(0.1)	(0.2)
<b>Acquisition costs 30.09.22</b>	<b>989.0</b>	<b>1,354.3</b>	<b>2.9</b>	<b>2,346.2</b>
Accumulated depreciation, amortization and write-downs 30.06.22	-	(335.3)	(1.5)	(336.8)
Depreciation / amortization	-	(28.0)	(0.1)	(28.1)
Currency translation adjustment	-	0.0	0.0	0.0
<b>Accumulated depreciation, amortization and write-downs 30.09.22</b>	<b>-</b>	<b>(363.3)</b>	<b>(1.6)</b>	<b>(364.9)</b>
<b>Book value 30.09.22</b>	<b>989.0</b>	<b>991.0</b>	<b>1.3</b>	<b>1,981.3</b>

Impairment testing of our asset base is performed periodically and/or when impairment triggers are identified. In Q3 2022 an impairment test on Noreco's assets was initiated due to the updated Tyra Redevelopment cost and schedule estimate, made public 3 August 2022. The outcome of the impairment test was that no impairment was necessary.

Impairment is recognised when the book value of an assets exceeds the recoverable amount.

The recoverable amount is calculated as the expected future cash flow from the asset, discounted to the net present value by applying a discount rate after tax that reflects the current market valuation on the time value of money, and the specific risk related to the assets. The discount rate is derived from the weighted average cost of capital (WACC) for a market participant. Cash flows are projected for the estimated lifetime of the fields, which exceed periods greater than five years.

For our producing license, the recoverable amount is estimated based on discounted future after tax cash flows. Below is an overview of the key assumptions applied for impairment testing purposes as of 30 September 2022:

- Oil prices: a long-term price of \$60/bbl has been used from 2026 onwards, with a forward curve-based approach in earlier years based on current market conditions
- Gas prices: a long-term gas price of €30/Mwh has been used from 2026 onwards, with a forward curve-based approach in earlier years based on current market conditions

- Inflation rate of 2.0 percent per annum
- Discount rate of 8.6 percent

## 8

## Trade Receivables and Other Current Assets

USD million	30.09.2022	30.06.2022	31.12.2021	30.09.2021
<b>Current assets</b>				
Trade receivables	0.9	1.2	40.4	21.4
Accrued revenue	76.6	105.5	47.1	40.1
Under-lift of oil/NGL	-	-	1.2	-
Prepayments	14.9	11.2	20.1	20.3
Other receivables	1.1	0.3	0.2	0.2
<b>Total trade receivables and other current receivables</b>	<b>93.5</b>	<b>118.2</b>	<b>108.9</b>	<b>82.0</b>

## 9

## Inventories

USD million	30.09.2022	30.06.2022	31.12.2021	30.09.2021
Product inventory, oil	22.9	20.4	17.7	22.9
Other stock (spares & consumables)	34.4	33.3	33.8	33.1
<b>Total inventories</b>	<b>57.3</b>	<b>53.8</b>	<b>51.4</b>	<b>56.0</b>

## 10

## Restricted Cash, Bank Deposits, Cash and Cash Equivalents

USD million	30.09.2022	30.06.2022	31.12.2021	30.09.2021
<b>Non-current assets</b>				
Restricted cash pledged as security for abandonment obligation related to Nini/Cecilie	55.8	59.4	65.0	66.5
Restricted cash pledged as security for cash call obligations towards Total <sup>1)</sup>	141.3	140.6	140.5	140.5
<b>Total non-current restricted cash</b>	<b>197.1</b>	<b>200.1</b>	<b>205.5</b>	<b>207.0</b>
<b>Current assets</b>				
Unrestricted cash, bank deposits, cash equivalents	273.2	241.9	122.7	152.6
<b>Total bank deposits</b>	<b>470.3</b>	<b>442.0</b>	<b>328.1</b>	<b>359.6</b>

- 1) Noreco has made a USD 140 million deposit into a cash call security account in accordance with a cash call security agreement with Total E&P Denmark A/S as operator of the DUC. All payment obligations from Noreco to the cash call security account have been made and there will be no further increase.

## 11

## Borrowings

USD million	30.09.2022		30.06.2022		31.12.2021		30.09.2021	
	Principal amount	Book value	Principal amount	Book value	Principal amount	Book value	Principal amount	Book value
NOR 13 Convertible Bond <sup>1)</sup>	165.2	149.1	160.6	143.7	185.0	157.1	185.0	150.0
NOR 14 Senior Unsecured Bond <sup>2)</sup>	175.0	170.3	175.0	165.8	175.0	164.9	175.0	168.3
<b>Total non-current bonds</b>	<b>340.2</b>	<b>319.4</b>	<b>335.6</b>	<b>309.5</b>	<b>360.0</b>	<b>322.1</b>	<b>360.0</b>	<b>318.3</b>
Reserve Based Lending Facility <sup>3)</sup>	800.0	762.4	900.0	860.7	900.0	857.3	900.0	855.6
Deferred Consideration <sup>4)</sup>	-	-	-	-	25.0	25.0	25.0	25.0
<b>Total non-current debt</b>	<b>800.0</b>	<b>762.4</b>	<b>900.0</b>	<b>860.7</b>	<b>925.0</b>	<b>882.3</b>	<b>925.0</b>	<b>880.6</b>
Deferred Consideration <sup>4)</sup>	25.0	25.0	25.0	25.0	-	-	-	-
<b>Total current debt</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total borrowings</b>	<b>1,165.2</b>	<b>1,106.8</b>	<b>1,260.6</b>	<b>1,195.1</b>	<b>1,285.0</b>	<b>1,204.3</b>	<b>1,285.0</b>	<b>1,198.9</b>

Note: book values reported on the basis of amortised cost for NOR14, the reserve-based lending facility and the convertible bond loan element of NOR13.

- 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% p.a. on a PIK basis, with an alternative option to pay cash interest at 6% p.a., payable semi-annually. In 2022 four conversions have taken place and USD 33.6 million was derecognized from the financial liability to equity.
- 2) The Company issued a senior unsecured bond of USD 175 million in 2019. The bond carries an interest of 9% p.a., payable semi-annually. In July 2021, Noreco's written resolution regarding the addition of further headroom under the Leverage Ratio covenant through to the end of 2023 was resolved and approved by the Company's NOR14 bondholders. Based on this written resolution, the maximum Leverage Ratio has been amended to 7.0x (from 5.0x) during the Tyra Redevelopment Period ending Q2 2023, 6.0x (from 3.0x) during Q3 2023 and 5.0x (from 3.0x) during Q4 2023. From Q1 2024 onwards, the maximum Leverage Ratio will revert to 3.0x per the original bond terms. In addition to the change in maximum permitted leverage, Noreco'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).
- 3) The Company entered into an increased Reserve Based Lending Facility in Q2 2021. The facility has a seven-year tenor with a maximum limit of USD 1.1 billion, with a maximum of USD 1.0 billion available for cash drawdown by the Company. Interest is accrued on the drawn amount with an interest rate comprising the aggregate of SOFR and 4% per annum, 4.5% per annum from February 2023. The amount drawn on 30 September is USD 800 million, Noreco made a USD 100 million downpayment in July 2022.
- 4) In accordance with the SPA with Shell USD 25 million of the consideration is due the earliest of March 2023 and finalising Tyra Redevelopment.

## Interest payments (USD million)

Year	NOR13*	NOR14	Reserve Based Lending Facility	Deferred consideration	Total
<b>Interest rate</b>		<b>9,0%</b>	<b>SOFR**</b>	<b>4,0%</b>	
2022	-	15.8	48.3	1.0	65.1
2023	-	15.8	60.6	1.0	77.4
2024	-	15.8	60.6	-	76.4
2025	-	15.8	52.4	-	68.1
2026	-	7.9	33.3	-	41.2
2027	-	-	15.5	-	15.5
2028	-	-	0.9	-	0.9
<b>Total</b>	<b>-</b>	<b>70.9</b>	<b>271.7</b>	<b>2.0</b>	<b>344.5</b>

\* NOR13 carries a variable interest charge of: (i) 6% per annum in cash, payable semi-annually, or; (ii) 8% per annum payment in kind ("PIK") cumulative interest, rolled up semi-annually, to add to NOR13 capital on conversion at expiry of the bond. Currently the company has elected the PIK interest of 8% and is therefore forecasting no cash interest payments on NOR13 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. Noreco 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 the interest hedged.

## 12

## Trade Payables and Other Current Liabilities

USD million	30.09.2022	30.06.2022	31.12.2021	30.09.2021
Trade payable	4.5	0.1	5.4	13.5
Liabilities to operators relating to joint venture licences	59.2	56.8	73.4	74.6
Over-lift of oil/NGL	10.5	6.1	-	6.1
Accrued interest	2.8	2.5	2.5	2.4
Salary accruals	1.3	1.1	2.1	1.2
Public duties payable	18.8	22.7	14.0	12.5
Deferred consideration	25.0	25.0	-	-
Other current liabilities	23.0	38.3	33.1	20.1
<b>Total trade payables and other current liabilities</b>	<b>145.2</b>	<b>152.6</b>	<b>130.5</b>	<b>130.3</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 30.09.2022

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	-	12.0	-	12.0
<b>Financial assets at fair value hedging instruments</b>				
– Derivative instruments interest swap	-	48.1	-	48.1
– Derivative instruments price hedge	-	35.5	-	35.5
<b>Total assets</b>	-	<b>95.6</b>	-	<b>95.6</b>
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
– Embedded derivatives convertible bond	-	-	103.0	103.0
<b>Financial liabilities at fair value hedging instruments</b>				
– Derivative instruments price hedge	-	207.5	-	207.5
<b>Total liabilities</b>	-	<b>207.5</b>	<b>103.0</b>	<b>310.5</b>

On 30.06.2022

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	-	5.3	-	5.3
<b>Financial assets at fair value hedging instruments</b>				
– Derivative instruments interest swap	-	47.5	-	47.5
– Derivative instruments price hedge	-	6.1	-	6.1
<b>Total assets</b>	-	<b>58.8</b>	-	<b>58.8</b>
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
– Embedded derivatives convertible bond	-	-	98.7	98.7
<b>Financial liabilities at fair value hedging instruments</b>				
– Derivative instruments price hedge	-	350.9	-	350.9
<b>Total liabilities</b>	-	<b>350.9</b>	<b>98.7</b>	<b>449.6</b>

On 31.12.2021

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	-	1.0	-	1.0
<b>Financial assets at fair value hedging instruments</b>				
– Derivative instruments interest swap	-	8.8	-	8.8
<b>Total assets</b>	-	<b>9.7</b>	-	<b>9.7</b>
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
– Embedded derivatives convertible bond	-	-	12.1	12.1
<b>Financial liabilities at fair value hedging instruments</b>				
– Derivative instruments price hedge	-	205.1	-	205.1
<b>Total liabilities</b>	-	<b>205.1</b>	<b>12.1</b>	<b>217.2</b>

### 13.2 Financial Instruments by Category

On 30.09.2022 USD million	Financial assets at amortised cost	Assets at fair value through profit or loss	Fair value - hedging instruments	Total
<b>Assets</b>				
Derivative instruments interest swap	-	-	60.2	60.2
Derivative instruments price hedge	-	-	35.5	35.5
Trade receivables and other current assets	93.5	-	-	93.5
Restricted cash	197.1	-	-	197.1
Bank deposits, cash and cash equivalents	273.2	-	-	273.2
<b>Total</b>	<b>563.9</b>	-	<b>95.6</b>	<b>659.5</b>

USD million	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Fair value - hedging instruments	Total
<b>Liabilities</b>				
Derivative instruments price hedge	-	-	207.5	207.5
Embedded derivative convertible bond	-	103.0	-	103.0
Convertible bond loans	149.1	-	-	149.1
Senior unsecured bond loan	170.3	-	-	170.3
Reserve based lending facility	762.4	-	-	762.4
Deferred consideration	25.0	-	-	25.0
Trade payables and other current liabilities	120.2	-	-	120.2
<b>Total</b>	<b>1,227.0</b>	<b>103.0</b>	<b>207.5</b>	<b>1,537.5</b>



On 30.06.2022 USD million	Financial assets at amortised cost	Assets at fair value through profit or loss	Fair value - hedging instruments	Total
<b>Assets</b>				
Derivative instruments interest swap	-	-	52.7	52.7
Derivative instruments price hedge	-	-	6.1	6.1
Trade receivables and other current assets	118.2	-	-	118.2
Restricted cash	200.1	-	-	200.1
Bank deposits, cash and cash equivalents	241.9	-	-	241.9
<b>Total</b>	<b>560.2</b>	<b>-</b>	<b>58.8</b>	<b>619.0</b>

USD million	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Fair value - hedging instruments	Total
<b>Liabilities</b>				
Derivative instruments price hedge	-	-	350.9	350.9
Embedded derivative convertible bond	-	98.7	-	98.7
Convertible bond loans	143.7	-	-	143.7
Senior unsecured bond loan	165.8	-	-	165.8
Reserve based lending facility	860.7	-	-	860.7
Deferred consideration	25.0	-	-	25.0
Trade payables and other current liabilities	127.6	-	-	127.6
<b>Total</b>	<b>1,322.8</b>	<b>98.7</b>	<b>350.9</b>	<b>1,772.4</b>

On 31.12.2021 USD million	Financial assets at amortised cost	Assets at fair value through profit or loss	Fair value - hedging instruments	Total
<b>Assets</b>				
Derivative instruments price hedge	-	-	9.7	9.7
Trade receivables and other current assets	108.9	-	-	108.9
Restricted cash	205.5	-	-	205.5
Bank deposits, cash and cash equivalents	122.7	-	-	122.7
<b>Total</b>	<b>437.0</b>	<b>-</b>	<b>9.7</b>	<b>446.8</b>

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

### 13.3 Financial Instruments — Fair Values

Set out below is a comparison of the carrying amounts and fair value of financial instruments as on 30-Sep-22:

USD million	Total amount outstanding*	Carrying Amount	Fair Value
<b>Financial assets</b>			
Derivative instruments interest swap		60.2	60.2
Derivative instruments price hedge		35.5	35.5
Trade receivables and other current assets		93.5	93.5
Restricted cash		197.1	197.1
Bank deposits, cash, cash equivalents and quoted shares		273.2	273.2
<b>Total</b>		<b>659.5</b>	<b>659.5</b>

USD million	Total amount outstanding*	Carrying Amount	Fair Value
<b>Financial liabilities</b>			
Derivative instruments price hedge		207.5	207.5
Embedded derivative convertible bond		103.0	103.0
Convertible bond loans	165.2	149.1	62.2
Senior unsecured bond loan	175.0	170.3	175.0
Reserve based lending facility	800.0	762.4	800.0
Deferred consideration		25.0	25.0
Trade payables and other current liabilities		120.2	120.2
<b>Total</b>	<b>1,140.2</b>	<b>1,537.5</b>	<b>1,492.9</b>

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

The convertible bond loan 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 5,3 million in transaction cost is included in the amortised cost. The embedded derivative is valued on an option valuation basis, the carrying value is USD 103 million (initial value USD 54 million). As a result of the buyback of 299,925 shares at a price of NOK 242 per share on 23 January 2020, the conversion price for the NOR13 subordinated convertible bond issue was adjusted in accordance with the bond terms, from USD 29.3398 to USD 28.9734 (NOK 240 to NOK 238), effective from the trade date of the purchase of shares. The fair value calculation for the option portion of the NOR13 bond includes this update to the conversion price. In 2022 USD 25.0 million of the embedded derivatives has been settled as part of the debt conversion.

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

		2022
Valuation date	(date)	30 September 22
Agreement execution date	(date)	24 Jul 19
Par value of bonds	(USD)	165,229,339
Reference share price at time of agreement	(NOK)	232
Fair value at grant date	(USD)	53,942,754
PIK interest rate	(%)	8.00%
Expected life	(years)	1.1
Number of options	(#)	5,702,795
Conversion price	(NOK)	238
Fixed FX rate of agreement	(USD:NOK)	8.180
Risk-free rate (based on government bonds)	(%)	2.52%
Expected volatility	(%)	62.14%
Model used		Black - Scholes - Merton

The RBL facility is measured at amortised cost, in addition a total of USD 53 million in transaction cost has been 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. In Q3 a USD 100 million downpayment was done on the RBL facility.

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.

### 13.4 Hedging

The Group actively seeks to reduce the risk it is exposed to regarding fluctuating commodity prices through the establishment of hedging arrangements. To the extent more than 100% of the projected production is hedged any value adjustments to the instruments covering in excess of 100% are considered ineffective and the value adjustment is treated as a financial item in the Income Statement, in Q3 2022 no part of the hedging instruments was considered ineffective. Time Value related to hedging arrangements is considered insignificant and generally the valuation of the instruments do not take into consideration the time value.

Currently all the company's commodity price hedging arrangements is executed solely in the market through forward contracts.

Under its RBL facility, Noreco has a rolling hedge requirement based on a minimum level of production corresponding to the RBL banking case forecast. 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. Noreco will as a result pay interest on its RBL cash drawings equal to 0.4041 percent plus the applicable margin. Noreco applies hedge accounting to the Company's hedging arrangements. To the extent more than 100% of the Company's interest under its RBL facility is hedged any value adjustments to the instruments covering in excess of 100% are considered ineffective and the value adjustment is treated as a financial item in the Income Statement.

As of 30 September 2022	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>Commodity forward sales contracts:</b>						
Notional quantity (in mboe)	-	1,121	1,421	1,324	964	3,293
Notional amount (in USD million)	-	116	128	98	82	220
Average hedged sales price (in USD per boe)	-	103	90	74	85	67

### 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 01.01.2022</b>	<b>(67.5)</b>
Realized cash flow hedge	154.6
Related tax - realized cash flow hedge	(98.9)
Changes in fair value	(254.4)
Related tax - changes in fair value	179.1
<b>Balance as of 30.06.2022</b>	<b>(87.1)</b>
Realized cash flow hedge	71.8
Related tax - realized cash flow hedge	(45.9)
Changes in fair value	101.7
Related tax - changes in fair value	(64.8)
<b>Balance as of 30.09.2022</b>	<b>(24.4)</b>

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## Asset Retirement Obligations

USD million	Q3 2022	Q1-Q2 2022	31.12.2021
Provisions as of beginning of period	1,040.6	1,029.2	950.3
Provisions and change of estimates made during the year	(3.6)	(5.8)	64.9
Accretion expense - present value calculation	12.0	24.1	35.2
Incurred cost removal	(4.5)	(6.7)	(21.0)
Currency translation adjustment	(0.1)	(0.2)	(0.2)
<b>Total provisions made for asset retirement obligations</b>	<b>1,044.4</b>	<b>1,040.6</b>	<b>1,029.2</b>
<b>Break down of short-term and long-term asset retirement obligations</b>			
Short-term	20.1	22.1	26.2
Long-term	1,024.3	1,018.5	1,003.0
<b>Total provisions for asset retirement obligations</b>	<b>1,044.4</b>	<b>1,040.6</b>	<b>1,029.2</b>

The balance as per 30.09.2022 is USD 984.3 million for DUC, USD 55.8 million for Nini/Cecilie, USD 2.4 million for Lulita (non-DUC share) and USD 1.9 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 5.0 percent. The credit margin included in the discount rate is 4.0 percent.

## 15

## Shares and Share Capital

	No. of Shares	Share Capital*
Number of shares and share capital as of 31.12.2021	24,549,013	29.5
Conversion part of convertible bond	1,159,411	1.4
Capital reduction, approved not registered	-	(25.4)
<b>Number of shares and share capital as of 30.09.2022</b>	<b>25,708,424</b>	<b>5.6</b>

	No. of Shares	Treasury share reserve*
Treasury shares as of 31.12.2021	(438,161)	(0.5)
Sale of treasury shares	286,666	0.3
<b>Treasury shares as of 30.09.2022</b>	<b>(151,495)</b>	<b>(0.2)</b>

\* In USD million

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## 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.

Noreco 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 Noreco'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 any claims under the volume guarantee in the quarter as this reflects a payment from Shell if the production performance of the business is below expectations set at the time of the signing of the SPA. This hedge is calculated to make whole Noreco's contribution from the operations had the performance been in line with expectations and is currently reflected in the company's cashflow statement and balance sheet only.

It is also adjusted for exceptional costs in relation to the transaction that are not reflective of the underlying performance of the business, cost from share-base payment arrangements.

### Adjusted EBITDA

USD million	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
<b>EBITDA</b>	<b>197.6</b>	<b>167.0</b>	<b>65.4</b>	<b>471.4</b>	<b>152.6</b>
Non-payment insurance	1.2	1.2	1.8	3.5	5.4
Share-base payment	0.2	0.0	0.3	0.2	1.1
<b>Adj. EBITDA</b>	<b>199.0</b>	<b>168.2</b>	<b>67.5</b>	<b>475.2</b>	<b>159.1</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.

**Net interest-bearing debt** is defined by Noreco as cash and cash equivalents reduced by current and non-current interest-bearing debt. The RBL facility and bond loans are included in the calculation with the total amount outstanding and not the amortised cost including transaction cost.

### Interest-bearing debt

USD million	30.09.2022	30.06.2022	31.12.2021	30.09.2021
Convertible bond loan	(149.1)	(143.7)	(157.1)	(150.0)
Senior Unsecured bond loan	(170.3)	(165.8)	(164.9)	(168.3)
Reserve based lending facility	(762.3)	(860.7)	(857.3)	(855.6)
Other interest-bearing debt	(25.0)	(25.0)	(25.0)	(25.0)
<b>Interest-bearing debt</b>	<b>(1,106.7)</b>	<b>(1,195.1)</b>	<b>(1,204.3)</b>	<b>(1,198.9)</b>

**Net Interest-bearing debt**

<b>USD million</b>	<b>30.09.2022</b>	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>30.09.2021</b>
Cash and cash equivalents	273.1	241.9	122.6	152.4
Convertible bond loan	(165.2)	(160.6)	(185.0)	(185.0)
Senior Unsecured bond loan	(175.0)	(175.0)	(175.0)	(175.0)
Reserve based lending facility	(800.0)	(900.0)	(900.0)	(900.0)
Other interest-bearing debt	(25.0)	(25.0)	(25.0)	(25.0)
<b>Net interest-bearing debt</b>	<b>(892.1)</b>	<b>(1,018.7)</b>	<b>(1,162.4)</b>	<b>(1,132.6)</b>

## Information About Noreco

### Head Office Noreco

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Internet [www.noreco.com](http://www.noreco.com)  
Organisation number NO 987 989 297 MVA

### Financial Calendar 2022

10 May Q1 2022 Report  
19 May Annual General Meeting  
12 July Q2 2022 Report  
26 October Q3 2022 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

### Investor Relations

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### Annual Reports

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

### Quarterly publications

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

### News Releases

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