NORECO

Norwegian Energy Company ASA
Fourth Quarter 2022

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Content

Report for the Fourth Quarter
Norwegian Energy Company ASA

Highlights
Fourth Quarter 2022 summary

Operational:

- Strong operating performance, with hydrocarbon production of 26.9 mboepd in the fourth quarter in the top range of Noreco's quarterly guidance of 26.5-27 mboepd and full year production of 26.7 mboepd.
- Successful completion of the final offshore installation campaign for Tyra II, including lifting and installation of the TEG process module, two bridges and the flare tower.
- Two hook-up and commissioning milestones on Tyra II achieved in Q4 with TEG safe access and temporary power achieved, and the TEG crane in operation.
- Final Investment Decision ("FID") taken on two infill wells in the Halfdan East area with expected gain of approx. 2.9 mmboe, net to Noreco of which c. 50% is gas.
- Successful restimulation and scale squeeze campaign on Gorm.

Financial:

- Total revenues of USD 229.7 million in the fourth quarter and USD 966.9 million for the full year.
- EBITDA of USD 139.8 million, in the fourth quarter delivering EBITDA of USD 611.2 million for 2022.
- Cash flow from operating activities of USD 84.4 million in the fourth quarter and USD 561.0 million for the full year.
- Total liquidity of USD 468.4 million at the end of the period with cash on balance sheet of USD 268.4 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 the fourth quarter for 2023 and 2024 at prices between EUR 121 to 146 per MWh.
- Successful refinancing of NOR13 which was exchanged into a new USD 207.6 million convertible bond, NOR15 with revised terms enabling a later conversion date.

Financial and operational summary	Unit	Q4 2022	Q3 2022	Q4 2021	2022	2021
Total revenue	USDm	229.7	293.5	175.3	966.9	565.3
EBITDA[1)]	**USDm**	**139.8**	**197.6**	**97.0**	**611.2**	**249.5**
Adj. EBITDA[1)]	**USDm**	**141.3**	**199.0**	**98.0**	**616.5**	**257.1**
Result before tax	**USDm**	**87.2**	**136.5**	**35.4**	**248.7**	**4.9**
Net result for the period	USDm	75.6	(12.0)	(27.9)	(30.5)	(53.2)
Cash flow from operating activities[2)]	USDm	84.4	215.3	65.0	561.0	49.8
Investments in oil and gas assets	USDm	62.8	65.3	66.9	241.6	228.1
Abandonment spent[1)]	USDm	3.3	4.5	8.1	14.4	21.2
Reserve based lending facility - currently drawn	USDm	800.0	800.0	900.0	800.0	900.0
Net interest-bearing debt[1)]	USDm	953.1	892.1	1,162.4	953.1	1,162.4
Oil production	mboepd	19.7	19.6	21.1	20.6	20.5
Gas production	mboepd	7.2	5.6	6.3	6.2	6.3
Total production	**mboepd**	**26.9**	**25.1**	**27.5**	**26.7**	**26.9**
Over/under-lift	mboepd	(4.2)	0.6	(0.6)	(0.5)	(0.9)
Realised Oil price	USD/boe	89.3	103.4	78.7	102.7	70.8
+/- Effect of hedges	USD/boe	(20.9)	(23.6)	(18.4)	(27.2)	(13.0)
Effective Oil price[1)]	**USD/boe**	**68.4**	**79.8**	**60.3**	**75.5**	**57.8**
Realised Gas price	EUR/MWh	91.0	192.8	90.1	115.4	43.0
+/- Effect of hedges	EUR/MWh	23.4	(33.2)	(38.4)	(13.5)	(12.6)
Effective Gas price[1)]	**EUR/MWh**	**114.5**	**159.6**	**51.7**	**101.9**	**30.4**

1) See the description of "Alternative performance measures" at the end of this report for definitions.
2) 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	Q4 2022	Q3 2022	Q4 2021	2022	2021
Total revenue	229.7	293.5	175.3	966.9	565.3
EBITDA	139.8	197.6	97.0	611.2	249.5
EBIT	108.1	167.6	66.2	477.7	137.3
Result before tax	87.2	136.5	35.4	248.7	4.9
Net result for the period	75.6	(12.0)	(27.9)	(30.5)	(53.2)
Earnings per share	3.0	(0.5)	(1.2)	(1.2)	(2.2)

The Company had **revenues** of USD 229.7 million in the fourth quarter of 2022, mainly related to oil and gas sales from the Danish Underground Consortium (DUC) fields, compared to USD 293.5 million in the previous quarter. The decrease compared to last quarter was related to lower realised commodity prices, with respectively a reduction of 14.3% on oil and 29.5% on gas, net of hedging effects.

Production expenses: In current quarter USD 90.3 million was directly attributable to the lifting and transport of the Company's oil and gas production, which equals to USD 36.5 per barrel. Adjusted for insurance and changes in stock and inventory, total production expenses amounted to USD 80.1 million in the fourth quarter of 2022. Last quarter USD 86.2 million was directly attributable to the lifting and transport, which equals to USD 34.0 per barrel. Adjusted for insurance and changes in stocks and inventory, total production expenses amounted to USD 86.2 million in the third quarter of 2022. Current quarter is influenced by increased inflation, increased fees for gas transportation and a one-off fee for termination of a transportation contract. Costs related to well recovery activities to maintain base production continued in the quarter. The increased production in current quarter partly offsets the increased cost per boe.

Operating result (EBITDA) in the fourth quarter of 2022 was a profit of USD 139.8 million, compared to USD 197.6 million in previous quarter. This decrease mainly relates to lower revenue.

Net Financial items amounted to an expense of USD 20.8 million for the fourth quarter of 2022, compared to an expense of USD 31.1 million in the previous quarter. Lower net expense mainly relates to the extinguishment of bonds loans partly offset by negative fair value adjustment on the NOR13 embedded derivative.

Income tax amounted to USD 11.6 million for the fourth quarter of 2022 compared to USD 148.5 million for the previous quarter. The decrease in income tax was partly due to the difference in operating results and more significantly, the deferred tax movement related to foreign exchange adjustment of net operating losses carried forward in DKK. YTD 2022 current income tax amounted to a cost of USD 204.6 million and deferred tax movements amounted to USD 74.5 million, which corresponds to a statutory tax rate of 64% on result before tax on hydrocarbon income in Noreco Oil Denmark and Noreco Petroleum Denmark, adjusted with the effects of investment uplift, foreign exchange adjustment of tax losses and the estimated additional tax pertaining to the special 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 implemented. 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 fourth quarter of 2022 was a gain of USD 75.6 million, compared to a USD 12.0 million loss for the previous quarter.

Selected data from the consolidated statement of financial position

All figures in USD million	31.12.2022	30.09.2022	31.12.2021
Total non-current assets	2,660.1	2,723.6	2,806.9
Total current assets	583.9	488.5	283.0
Total assets	3,244.0	3,212.1	3,089.9
Total equity	602.5	483.6	492.2
Interest bearing debt	1,144.6	1,106.7	1,204.3
Asset retirement obligations	955.8	1,044.4	1,029.2

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

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

Total equity amounted to USD 602.5 million at the end of the fourth quarter of 2022, compared to USD 483.6 million at the end of Q3 2022. Increase in equity was mainly related to the gain for the period and gain from fair value adjustment of hedges.

Interest-bearing debt amounted to USD 1.1 billion at the end of fourth quarter of 2022. The increase relates to the NOR15 exchange offer, which had no liquidity effect. The convertible bond loan NOR13 had a book value of USD 13.1 million at the end of the fourth quarter of 2022, following the conversion of USD 151.4 million to NOR15. The new convertible bond loan NOR15 had a book value of USD 175.7 million at the end of the fourth quarter of 2022, which includes compensation bonds of USD 56.2 million. The bond loans are valued at amortised cost and the embedded derivatives are accounted for as a derivative liability at fair value through profit and loss. Noreco's USD 1.1 billion RBL facility, drawn at USD 800 million on 31 December 2022 and with maximum cash drawings capacity of USD 1.0 billion, had a book value of USD 764.0 million at the end of the fourth quarter. In Q3 2022 a repayment of USD 100 million on the RBL facility was made. The senior unsecured bond loan NOR14 had a book value of USD 166.9 million at the end of the period. The RBL facility and the unsecured bond loan are valued at amortised cost. In addition, interest-bearing debt includes deferred consideration with a book value of USD 25 million.

Asset retirement obligations amounted to USD 955.8 million at the end of fourth quarter of 2022, compared to USD 1,044.4 million at the end of Q3 2022. The decrease is driven primarily by updated exchange rates and a 0.5% increase in the discount rate. USD 890.8 million is related to the DUC assets, USD 61.1 million to Nini/Cecilie, USD 2.3 million to Lulita and USD 1.6 million to the Tyra F-3 pipeline. The Nini/Cecilie asset retirement obligation is secured through an escrow account of USD 61.1 million.

Selected data from the consolidated statement of cash flows

All figures in USD million	Q4 2022	Q3 2022	Q4 2021	2022	2021
Cash flow from operating activities	84.4	215.3	65.0	561.0	49.8
Cash flow used in investing activities	(67.2)	(71.2)	(74.9)	(258.2)	(246.5)
Cash flow from financing activities	(21.9)	(112.8)	(20.0)	(157.1)	60.0
Net change in cash and cash equivalents	(4.8)	31.2	(29.8)	145.8	(136.7)
Cash and cash equivalents	268.4	273.1	122.6	268.4	122.6

Cash flow from operating activities amounted to USD 84.4 million for the fourth quarter of 2022, compared to USD 215.3 million for the previous quarter. The reduction was related to decreased revenue mainly due to lower oil and gas prices. In addition, a negative effect from changes in working capital due to increased trade receivables and change from over-lift to under-lift position, partly offset by an increase in accounts payable. Cash flow from operating activities excluding changes in working capital amounted to USD 123.3 million for the fourth quarter of 2022, compared to USD 201.9 million for the previous quarter.

C**ash flow used in investing activities** amounted to an outflow of USD 67.2 million for the quarter, compared to USD 71.2 million for the previous quarter. The cash flow used in investing activities was mainly related to investments in the DUC asset of which USD 50.8 million related to the Tyra Redevelopment, USD 10.5 million in preparation work related to the Tyra satellites and USD 3.3 million in abandonment related expenditure on Gorm and Tyra.

Cash flow from financing activities amounted to an outflow of USD 21.9 million for the fourth quarter of 2022, compared to USD 112.8 million for the previous quarter. The previous quarter included a repayment of USD 100.0 million on the RBL facility. The current quarter includes transaction costs related to the new NOR15.

Net change in cash and cash equivalents amounted to positive USD 4.8 million at the end of the quarter compared to positive USD 31.2 million for the previous quarter. Cash and cash equivalents were in total USD 268.4 million at the end of fourth 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 2025 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 Q4 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 (mmboe)	Average hedged price ($/bbl)	Volume hedged gas (MWh)	Average hedged price (EUR/MWh)
2023	4.1	53.0	1,094,992	160.3
2024	2.7	63.5	165,000	170.1
2025	0.6	74.7	-	-

Operational review

Production

Key figures	Unit	Q4 2022	Q3 2022	Q4 2021	2022	2021
Dan hub	mboepd	7.4	6.8	8.1	7.7	8.0
Gorm hub	mboepd	4.2	4.7	4.2	4.8	4.1
Halfdan hub	mboepd	15.3	13.5	15.2	14.2	14.8
Tyra hub	mboepd	0.0	0.0	0.0	0.0	0.0
Total production	mboepd	26.9	25.1	27.5	26.7	26.9
Over/under-lift	mboepd	(4.2)	0.6	(0.6)	(0.5)	(0.9)
Net sales	mboepd	22.7	25.7	26.9	26.2	26.1
Oil sales	mboepd	15.5	20.2	20.5	20.0	20.0
Gas sales	mboepd	7.2	5.6	6.3	6.2	6.3
Operating efficiency[1)]	%	87.0 %	88.7 %	85.2 %	88.0 %	84.4 %

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

Average production in Q4 2022 was at the top end of the fourth quarter guidance of 26.5 – 27.0 mboepd. This is mainly driven by a high uptime for all three hubs. Especially the Halfdan hub had excellent performance with an average of 95% uptime in Q4. Further, the gas production has been high following the planned Nogat shutdown in September. The Gorm hub continued its strong production in the first two months of the quarter due to a successful restimulation and scale squeeze campaign in October. However, after the 2-week planned shutdown for compressor maintenance on Gorm in December, the hub experienced start-up issues with the compressor restricting the flow of lift gas to Skjold resulting in overall lower performance from the Gorm hub in December.

The strategic ambition to improve operational efficiency to 90% for DUC overall in 2022 by reducing unplanned shortfalls and optimising the schedule for planned shortfalls was achieved in the year, excluding the planned Nogat gas export pipeline shutdown.

Dan hub

Key figures	Unit	Q4 2022	Q3 2022	Q4 2021	2022	2021
Dan	mboepd	6.9	6.4	7.0	7.1	7.0
Kraka	mboepd	0.5	0.5	1.1	0.6	1.0
Operating efficiency		83.3%	83.1 %	87.1%	87.4%	83.1%

Fourth quarter average production was as expected mainly due to uptime and production coming back up after the Nogat shutdown. There were a few compressor issues on Dan in October and November, after solving these issues, the hub delivered a strong December production with 89% uptime. A spare compressor is now installed on Dan to mitigate future compressor issues

Gorm hub

Key figures	Unit	Q4 2022	Q3 2022	Q4 2021	2022	2021
Gorm	mboepd	1.7	1.7	1.6	1.9	1.6
Rolf	mboepd	0.3	0.3	0.3	0.3	0.3
Skjold	mboepd	2.2	2.7	2.3	2.6	2.2
Operating efficiency		71.2%	84.4 %	65.5%	82.4%	69.0%

Fourth quarter average production was lower due to the planned compressor maintenance and the subsequent start-up issues lasting almost 3 weeks. However, a successful Gorm campaign with restimulation and scale squeeze improved the Gorm baseline production.

Halfdan hub

Key figures	Unit	Q4 2022	Q3 2022	Q4 2021	2022	2021
Halfdan	mboepd	15.3	13.5	15.2	14.2	14.8
Operating efficiency		95.0%	93.7 %	90.4%	90.6%	85.3%

Fourth quarter average production was higher compared to the previous quarter due to an exceptionally high uptime of 95% and high gas production following the Nogat shutdown.

Tyra hub

Key figures	Unit	Q4 2022	Q3 2022	Q4 2021	2022	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 mmboe. 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.

On 4 October Sleipnir lifted the process module (the TEG) 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 29 November, the offshore hook-up and commissioning of Tyra II reached a milestone when obtaining safe access and temporary power. On 23 December, Noreco announced that the main crane on the TEG process module in permanent use.

Expected first gas from Tyra II is winter 2023/2024.

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 damage on the Nord Stream 1 and Nord Stream 2 pipelines in September 2022, Danish Energy Agency (Energistyrelsen) 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. Final Investment Decision ("FID") taken on two infill wells in the Halfdan East area with an expected capital investment of c. USD 13 per boe of reserves. FID's on two other infill wells are expected in 2023. 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 33 at the end of the fourth 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 strengthen 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 developing 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 through business and IT continuity plans, price hedging arrangements 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 winter 2023 / 2024. Once onstream, Tyra II will significantly enhance Noreco's base production, and the Company also expects direct field operating expenditure to decrease below USD 13 per barrel. The Company expects reduced production driven by high maintenance and activity levels in Q2 and Q3 2023.

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

Condensed Consolidated Statement of Comprehensive Income

All figures in USD million	Note	Q4 2022	Q3 2022	Q4 2021	2022	2021
Revenue	2	229.7	293.5	175.3	966.9	565.3
Total revenues		**229.7**	**293.5**	**175.3**	**966.9**	**565.3**
Production expenses	3	(80.1)	(86.2)	(72.3)	(323.4)	(292.7)
Exploration and evaluation expenses		(0.6)	(0.2)	(0.1)	(0.7)	(0.7)
Personnel expenses		(4.6)	(2.8)	(3.0)	(12.5)	(11.5)
Other operating expenses		(4.8)	(6.6)	(3.0)	(19.1)	(10.9)
Total operating expenses		**(90.0)**	**(95.9)**	**(78.4)**	**(355.7)**	**(315.8)**
Operating result (EBITDA)		**139.8**	**197.6**	**97.0**	**611.2**	**249.5**
Depreciation / amortisation	7	(31.7)	(30.1)	(30.8)	(133.5)	(112.3)
Net operating result (EBIT)		**108.1**	**167.6**	**66.2**	**477.7**	**137.3**
Financial income	4	37.2	13.9	9.9	61.7	27.8
Financial expenses	4	(58.0)	(44.9)	(40.7)	(290.7)	(160.2)
Net financial items		**(20.8)**	**(31.1)**	**(30.8)**	**(229.0)**	**(132.3)**
Result before tax (EBT)		**87.2**	**136.5**	**35.4**	**248.7**	**4.9**
Income tax benefit / (expense)	5	(11.6)	(148.5)	(63.3)	(279.2)	(58.1)
Net result for the period		**75.6**	**(12.0)**	**(27.9)**	**(30.5)**	**(53.2)**
Other comprehensive income (net of tax):						
Items that may subsequently be reclassified to profit or loss:						
Realized cash flow hedge, reclassified to profit or loss		15.9	71.8	66.1	242.2	134.8
Related tax - realized cash flow hedge		(10.1)	(45.9)	(42.3)	(155.0)	(86.3)
Changes in fair value derivative instruments		94.8	101.7	(1.6)	(57.9)	(372.2)
Related tax - changes in fair value		(62.2)	(64.8)	4.6	52.1	241.8
Currency translation adjustment		3.5	(2.3)	(0.9)	(2.0)	(3.1)
Total other comprehensive income (net of tax)		**41.8**	**60.5**	**26.0**	**79.3**	**(84.9)**
Total comprehensive income (net of tax)		**117.4**	**48.5**	**(1.9)**	**48.8**	**(138.1)**
Weighted average no. of shares outstanding, basic		25,564,251	25,518,676	24,110,852	25,004,296	24,110,852
Weighted average no. of shares outstanding, diluted		31,778,768	31,627,671	35,260,340	31,218,813	35,260,340
Basic earnings/loss USD per share		3.0	(0.5)	(1.2)	(1.2)	(2.2)
Diluted earnings/loss USD per share		3.0	(0.5)	(1.2)	(1.2)	(2.2)

Condensed Consolidated Statement of Financial Position

All figures in USD million	Note	31.12.2022	30.09.2022	31.12.2021
Non-current assets				
Exploration & evaluation assets	6	160.4	161.2	166.0
Deferred tax assets	5	348.8	352.2	526.3
Property, plant and equipment	7	1,911.9	1,981.3	1,898.7
Right of Use asset		0.9	0.5	0.7
Restricted cash	11, 14	203.7	197.1	205.5
Receivables non-current	9	0.8	-	-
Derivative instruments	14	33.7	31.1	9.7
Total non-current assets		**2,660.1**	**2,723.6**	**2,806.9**
Current assets				
Derivative instruments	14	130.9	64.5	-
Trade receivables and other current assets	9	128.6	93.5	108.9
Inventories	10	55.9	57.3	51.4
Bank deposits, cash and cash equivalents	11	268.4	273.1	122.6
Total current assets		**583.9**	**488.5**	**283.0**
Total assets		**3,244.0**	**3,212.1**	**3,089.9**
Equity				
Share capital	16	6.9	5.6	29.5
Other equity		595.5	478.0	462.7
Total equity		**602.5**	**483.6**	**492.2**
Non-current liabilities				
Asset retirement obligations	15	946.1	1,024.3	1,003.0
Convertible bond loans	12, 14	188.7	149.1	157.1
Bond loan	12, 14	166.9	170.3	164.9
Reserve based lending facility	12, 14	764.0	762.3	857.3
Derivative instruments	14	90.4	145.0	100.9
Other non-current liabilities	12	0.7	0.4	25.4
Total non-current liabilities		**2,156.8**	**2,251.5**	**2,308.6**
Current liabilities				
Asset retirement obligations	15	9.8	20.1	26.2
Tax payable	5	209.0	146.3	16.0
Derivative instruments	14	125.3	165.5	116.3
Trade payables and other current liabilities	13, 12	140.6	145.2	130.5
Total current liabilities		**484.7**	**477.0**	**289.1**
Total liabilities		**2,641.5**	**2,728.5**	**2,597.7**
Total equity and liabilities		**3,244.0**	**3,212.1**	**3,089.9**

Condensed Consolidated Statement of Changes in Equity

All figures in USD million	Share capital	Share premium fund	Treasury share reserve	Currency translation fund	Cash flow hedge reserve	Other equity	Total equity
2021							
Equity as of 01.01.2021	**29.5**	**707.0**	**(0.5)**	**5.6**	**14.3**	**(126.0)**	**629.9**
Net result for the period						(53.2)	(53.2)
Other comprehensive income							
Realized cash flow hedge	-	-	-	-	134.8	-	134.8
Related tax - realized cash flow hedge	-	-	-	-	(86.3)	-	(86.3)
Changes in fair value	-	-	-	-	(372.2)	-	(372.2)
Related tax - changes in fair value	-	-	-	-	241.8	-	241.8
Currency translation adjustments	-	-	-	(3.1)	-	-	(3.1)
Total other comprehensive income	**-**	**-**	**-**	**(3.1)**	**(81.8)**	**-**	**(84.9)**
Share-based incentive program	-	-	-	-	-	0.3	0.3
Total transactions with owners for the period	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.3**
Equity as of 31.12.2021	**29.5**	**707.0**	**(0.5)**	**2.6**	**(67.5)**	**(178.9)**	**492.2**
2022							
Equity as of 01.01.2022	**29.5**	**707.0**	**(0.5)**	**2.6**	**(67.5)**	**(178.9)**	**492.2**
Net result for the period						(30.5)	(30.5)
Other comprehensive income							
Realized cash flow hedge, reclassified to profit or loss	-	-	-	-	242.2	-	242.2
Related tax - realized cash flow hedge	-	-	-	-	(155.0)	-	(155.0)
Changes in fair value	-	-	-	-	(57.9)	-	(57.9)
Related tax - changes in fair value	-	-	-	-	52.1	-	52.1
Currency translation adjustments	-	-	-	(2.0)	-	-	(2.0)
Total other comprehensive income	**-**	**-**	**-**	**(2.0)**	**81.4**	**-**	**79.3**
Issue of shares	1.4	32.2	-	-	-	-	33.6
Capital reduction, approved and registered	(24.0)	24.0	-	-	-	-	-
Settlement derivatives / conversion NOR13	-	-	-	-	-	21.0	21.0
Share-based incentive program	-	-	-	-	-	1.5	1.5
Sale of shares	-	-	0.3	-	-	5.1	5.4
Total transactions with owners for the period	**(22.6)**	**56.2**	**0.3**	**-**	**-**	**27.6**	**61.6**
Equity as of 31.12.2022	**6.9**	**763.2**	**(0.1)**	**0.5**	**13.9**	**(181.9)**	**602.5**

Condensed Consolidated Statement of Cash Flows

All figures in USD million	Note	Q4 2022	Q3 2022	Q4 2021	2022	2021
Cash flows from operating activities						
Net result for the period		75.6	(12.0)	(27.9)	(30.5)	(53.2)
Adjustments for:						
Income tax benefit / (expense)	5	11.6	148.5	63.3	279.2	58.1
Tax paid / received		(17.7)	0.4	(10.3)	(11.6)	(10.3)
Depreciation	7	31.7	30.1	30.8	133.5	112.3
Share-based payments expenses		1.3	0.2	(0.7)	1.4	0.3
Net financial item	4	20.8	34.7	32.2	229.0	137.7
Net gain sale of assets		-	-	-	(0.2)	-
Changes in:						
Trade receivable	9	(16.8)	28.4	(25.9)	(7.8)	(29.4)
Trade payables[1)]	13	5.3	(12.1)	6.2	(15.6)	(142.5)
Inventories and spare parts	10	1.4	(3.6)	4.6	(4.5)	(11.9)
Prepayments	9	(9.3)	(3.7)	0.3	(4.2)	2.7
Over/under-lift	9, 13	(19.4)	4.4	(7.4)	(7.7)	(14.0)
Other current balance sheet items		(0.0)	0.0	0.0	(0.0)	(0.1)
Cash flow from operating activities		**84.4**	**215.3**	**65.0**	**561.0**	**49.8**
Cash flows from investing activities						
Consideration sale of asset		-	-	-	0.3	-
Volume guarantee	9	-	-	-	-	14.6
Tax paid / received[2)]		-	-	-	-	2.4
Investment in oil and gas assets	7	(62.8)	(65.3)	(66.9)	(241.6)	(228.1)
Investment in exploration & evaluation assets		(1.2)	(0.7)	(0.0)	(2.4)	0.5
Abandonment paid		(3.3)	(4.5)	(8.1)	(14.4)	(21.2)
Changes in restricted cash accounts	11	-	(0.7)	0.2	-	(14.6)
Cash flow from investing activities		**(67.2)**	**(71.2)**	**(74.9)**	**(258.2)**	**(246.5)**
Cash flows from financing activities						
Long-term loans	12	-	(100.0)	-	(100.0)	148.8
Issue of long-term loans	12	(0.8)	-	-	(0.8)	-
Lease payments		(0.0)	(0.1)	(0.1)	(0.4)	(0.7)
Sale of shares		0.2	-	-	5.4	-
Interest and financing costs		(22.0)	(14.1)	(18.4)	(61.6)	(82.0)
Settled hedges		-	-	0.1	-	(1.5)
Other financial items		0.7	1.3	(1.5)	0.2	(4.6)
Cash flow from financing activities		**(21.9)**	**(112.8)**	**(20.0)**	**(157.1)**	**60.0**
Net change in cash and cash equivalents		(4.8)	31.2	(29.8)	145.8	(136.7)
Cash and cash equivalents at the beginning of the period		273.1	241.9	152.4	122.6	259.3
Cash and cash equivalents at end of the quarter		**268.4**	**273.1**	**122.6**	**268.4**	**122.6**

1) 2021 reflects the payment of the VAT liability related to 2020 of USD 156 million, the payment date was delayed to Q1 2021 by the Danish government as a response to the impact of COVID-19 on the economy.
2) Tax paid which were attributable to the period before the acquisition of Shell Olie- og Gasudvinding Danmkar 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 fourth 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 fourth quarter of 2022 were approved by the Board of Directors on 14 February 2023.

Going concern
The Board of Directors confirms that the interim financial statements have been prepared under the presumption of going concern, and that this is the basis for the preparation of these interim financial statements. The financial solidity and the Company's cash and working capital position are considered satisfactory in regards of the planned activity level until Q4 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	Q4 2022	Q3 2022	Q4 2021	2022	2021
Sale of oil	97.4	148.7	113.9	552.1	416.0
Sale of gas and NGL	130.6	143.5	59.8	408.4	142.4
Other income	1.7	1.4	1.6	6.4	6.9
Total Revenue	**229.7**	**293.5**	**175.3**	**966.9**	**565.3**
Oil - lifted volumes (mmbbl)	1.42	1.86	1.89	7.32	7.20
Effective Oil price USD/bbl[1)]	**68.4**	**79.8**	**60.3**	**75.5**	**57.8**
Gas - lifted volumes (mmboe)	0.7	0.5	0.6	2.3	2.3
Effective Gas price EUR/MWh	114.5	159.6	51.7	101.9	30.4
Effective Gas price USD/boe	**197.9**	**280.7**	**102.7**	**181.1**	**61.5**

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

In the fourth quarter, Noreco's sale of oil amounted to USD 97.4 million and sale of gas amounted to USD 130.6 million, realised prices were USD 68.4 per bbl of oil and EUR 114.5 per MWh of gas lifted during the period, adjusted for settlement of price hedges in place with financial institutions.

During the fourth 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	Q4 2022	Q3 2022	Q4 2021	2022	2021
Direct field opex	(66.6)	(65.9)	(53.1)	(233.1)	(210.9)
Tariff and transportation expenses	(15.4)	(8.1)	(9.5)	(43.3)	(44.3)
Production G&A	(8.3)	(4.6)	(5.6)	(32.1)	(41.8)
Field operating cost	**(90.3)**	**(78.6)**	**(68.2)**	**(308.5)**	**(297.0)**
Total produced volumes (mmboe)	2.5	2.3	2.5	9.8	9.8
In USD per boe	(36.5)	(34.0)	(27.0)	(31.6)	(30.2)
Adjustments for:					
Concept studies	(1.5)	-	-	(1.5)	-
Change in inventory position	(1.3)	2.5	(5.2)	4.0	(0.7)
Over/under-lift of oil and NGL	19.4	(4.4)	7.4	7.7	14.0
Insurance & Other	(4.7)	(5.2)	(5.3)	(19.4)	(21.6)
Stock Scrap	(1.6)	(0.5)	(0.9)	(5.6)	12.6
Production expenses	**(80.1)**	**(86.2)**	**(72.3)**	**(323.4)**	**(292.6)**

Production expenses for the fourth quarter directly attributable to the lifting and transportation to market of Noreco's oil and gas production are in total USD 90.3 million, which equates to USD 36.5 per boe produced during the period compared to USD 34.0 per boe in Q3 2022. Cost per boe for Q4 are influenced by increased costs from inflation. Tariff and transportation cost is influenced by increased fees for gas transportation and a one-off termination fee. Cost related to well recovery activities such as "Well Reservoir Opportunity Management" (WROM) and Integrity Recovery Project on Dan continued in the quarter to maintain base production.

4 Financial Income and Expenses

Financial Income

USD million	Q4 2022	Q3 2022	Q4 2021	2022	2021
Value adjustment interest swap unrealized [1)]	-	6.8	1.0	10.2	1.0
Value adjustment of embedded derivatives [2)]	-	-	0.7	-	6.0
Interest income	2.5	1.2	0.0	4.0	0.0
Extinguishment of bonds loans	33.7	-	-	33.7	-
Foreign exchange gains	1.0	5.9	8.2	13.9	20.9
Total financial income	**37.2**	**13.9**	**9.9**	**61.7**	**27.8**

Financial Expenses

USD million	Q4 2022	Q3 2022	Q4 2021	2022	2021
Value adjustment interest swap unrealized 1)	(1)	-	-	-	-
Value adjustment of embedded derivatives[2)]	(16.4)	(5.3)	-	(132.3)	-
Value adjustment - FX Contract	-	-	-	-	(1.0)
Value adjustment - amortised cost RBL	-	-	-	-	(5.3)
Utilisation of derivatives	-	-	(0.6)	-	(3.7)
Unrealized loss derivatives	-	-	-	-	(7.5)
Interest expense from bond loans	(11.7)	(11.5)	(11.6)	(46.5)	(43.7)
Interest expense from bank debt[3)]	(12.0)	(11.9)	(12.3)	(48.9)	(45.3)
Interest expenses current liabilities	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)
Accretion expense related to asset retirement obligations	(12.1)	(12.0)	(8.7)	(48.0)	(34.9)
Foreign exchange losses	(4.2)	(3.3)	(6.5)	(11.4)	(15.3)
Other financial expenses	(0.8)	(0.8)	(0.9)	(3.4)	(3.5)
Total financial expenses	**(58.0)**	**(44.9)**	**(40.7)**	**(290.7)**	**(160.2)**
Net financial items	**(20.8)**	**(31.1)**	**(30.8)**	**(229.0)**	**(132.3)**

1) Fair value adjustment of interest swap related to RBL facility, ineffective part
2) Fair value adjustment of the embedded derivatives of the convertible bonds
3) Net of 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

Income tax in profit/loss (Danish corporate income tax and hydrocarbon tax)	Q4 2022	YTD 2022
Income tax current year	(51.3)	(139.9)
Repayment of tax benefit related to chapter 3b	(34.2)	(62.7)
Income tax for prior years	(1.8)	(2.0)
Current income tax	**(87.3)**	**(204.6)**
Deferred tax movements	81.1	(65.9)
Prior year adjustment, deferred tax	(5.4)	(8.6)
Deferred tax expense	**75.7**	**(74.5)**
Tax (expense)/ income	**(11.6)**	**(279.2)**

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

Tax (expense)/income related to other comprehensive income		
Cash flow hedges	(72.3)	(102.9)
Tax (expense)/income related to other comprehensive income	**(72.3)**	**(102.9)**

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

	Hydrocarbon tax 64%		Corporate tax 22%		
Reconciliation of nominal to actual tax rate:	Q4 2022		Q4 2022		In total
Income (loss) before tax	59.3		27.9		87.2
Expected tax on profit before tax	38.0	64%	6.1	22%	44.1
Tax effect of:					
Prior year adjustment	6.2	10%	0.1	0%	6.3
FX adjustment of net operating losses carried forward in DKK[1)]	(24.5)	-41%	-	0%	(24.5)
Repayment of tax benefit related to chapter 3b[2)]	1.6	3%	-	0%	1.6
Investment uplift on CAPEX projects[3)]	(12.3)	-21%	-	0%	(12.3)
Permanent differences	-	0%	3.6	13%	3.6
No recognition of tax assets in Norway and UK	-	0%	(7.2)	-26%	(7.2)
Tax expense (income) in profit/loss	**9.0**	**15%**	**2.6**	**-9%**	**11.6**

Reconciliation of nominal to actual tax rate, continues:	Hydrocarbon tax 64% YTD 2022		Corporate tax 22% YTD 2022		In total
Income (loss) before tax	364.1		(115.4)		248.7
Expected tax on profit before tax	233.0	64%	(25.4)	22%	207.6
Tax effect of:					
Prior year adjustment	9.6	3%	0.2	0%	9.8
FX adjustment of net operating losses carried forward in DKK[1)]	37.3	10%	-	0%	37.3
Repayment of tax benefit related to chapter 3b[2)]	30.1	8%	-	0%	30.1
Investment uplift on CAPEX projects[3)]	(36.8)	-10%	-	0%	(36.8)
Permanent differences	-	0%	29.1	-25%	29.1
No recognition of tax assets in Norway and UK	-	0%	2.0	2%	2.0
Tax expense (income) in profit/loss	**273.2**	**75%**	**6.0**	**5%**	**279.2**

1) Deferred tax movement no cash effect.
2) From 2022 and onwards, an additional tax cost related to the special tax incentive scheme (chapter 3b) is levied if commodity prices exceed certain thresholds. This tax is payable on net proceeds from sales (incl. hedging results), less costs and fiscal depreciation and constitutes a repayment of the benefit previously achieved. The repayment cannot exceed the accumulated tax benefit achieved from the special tax incentive rules during the development period. For 2022, Noreco estimates USD 30.1 million YTD.
3) The tax cost in the hydrocarbon tax regime is positively impacted by the 39 % investment uplift on the Tyra Redevelopment project.

	Q4 2022		Q4 2022		In total
Other comprehensive income before tax	114.2		(3.6)		110.6
Expected tax on other comprehensive income before tax	(73.1)	64%	0.8	22%	(72.3)
Tax effect of:					
Non-taxable currency translation adjustment	-		-		-
Tax in other comprehensive income	**(73.1)**	**64%**	**0.8**	**22%**	**(72.3)**

	YTD 2022		YTD 2022		In total
Other comprehensive income before tax	148.5		35.8		184.3
Expected tax on other comprehensive income before tax	(95.1)	64%	(7.9)	22%	(102.9)
Tax effect of:					
Non-taxable currency translation adjustment	-		-		-
Tax in other comprehensive income	**(95.1)**	**64%**	**(7.9)**	**22%**	**(102.9)**

Current income tax payable	
Tax payable relates to the Group's entities in Denmark. The amounts payable as of 31.12.2022 were:	
Hydrocarbon tax pertaining to pre-acquisition period 2019 not indemnified by the Seller	(10.2)
Corporate tax for prior years (Denmark)	(12.7)
Hydrocarbon and corporate tax for 2021 and 2022 (Denmark)	(126.3)
Corporate tax for 22 %	(13.9)
Repayment of tax benefit related to chapter 3b	(45.9)
Tax payables	**(209.0)**

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

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

Deferred tax

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

The 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 Deferred tax and deferred tax asset	01.01.2022	Effect recognized in profit/loss	Effect recognized in OCI	31.12.2022
Property, plant and equipment	624.6	11.5		636.1
Intangible assets, licenses	17.2	7.9		25.1
Inventories and receivables	26.7	2.6		29.3
ARO provision	(611.1)	46.7		(564.5)
Other assets and liabilities	-	(2.8)		(2.8)
Tax loss carryforward, corporate tax (22%)	(2.0)	0.1	1.9	-
Tax loss carryforward, chapter 2 tax (25%)	(22.8)	(14.4)	37.1	(0.1)
Tax loss carryforward, chapter 3a tax (52%)	(558.3)	28.5	57.9	(471.9)
Deferred tax asset, net	**(525.7)**	**80.0**	**96.9**	**(348.8)**

6 Intangible assets

USD million	Capitalised exploration expenditures	Conceptual studies	Licence	Total
Book value 31.12.2021	**1.4**	**-**	**164.7**	**166.0**
Acquisition costs 31.12.2021	**1.4**	**-**	**186.0**	**187.4**
Additions	0.5	0.7	-	1.2
Acquisition costs 30.09.2022	**1.8**	**0.7**	**186.0**	**188.6**
Accumulated depreciation, amortization and write-downs 31.12.2021	**-**	**-**	**(21.3)**	**(21.3)**
Depreciation / amortization	-	-	(6.0)	(6.0)
Accumulated depreciation, amortization and write-downs 30.09.2022	**-**	**-**	**(27.4)**	**(27.4)**
Book value 30.09.2022	**1.8**	**0.7**	**158.6**	**161.2**
Acquisition costs 30.09.2022	**1.8**	**0.7**	**186.0**	**188.6**
Additions	-	1.2	-	1.2
Acquisition costs 31.12.2022	**1.8**	**1.9**	**186.0**	**189.8**
Accumulated depreciation, amortization and write-downs 30.09.2022	**-**	**-**	**(27.4)**	**(27.4)**
Depreciation / amortization	-	-	(2.0)	(2.0)
Accumulated depreciation, amortization and write-downs 31.12.2022	**-**	**-**	**(29.4)**	**(29.4)**
Book value 31.12.2022	**1.8**	**1.9**	**156.6**	**160.4**

7 Property, Plant and Equipment

USD million	Asset under construction	Production facilities	Other assets	Total
Book value 31.12.21	**818.5**	**1,078.5**	**1.7**	**1,898.7**
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*	170.5	8.2	0.1	178.9
Currency translation adjustment	-	(0.3)	(0.2)	(0.5)
Acquisition costs 30.09.22	**989.0**	**1,354.3**	**2.9**	**2,346.2**
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	-	(95.3)	(0.2)	(95.5)
Currency translation adjustment	-	0.1	0.0	0.1
Accumulated depreciation, amortization and write-downs 30.09.22	**-**	**(363.3)**	**(1.6)**	**(364.9)**
Book value 30.09.22	**989.0**	**991.0**	**1.3**	**1,981.3**
Acquisition costs 30.09.22	**989.0**	**1,354.3**	**2.9**	**2,346.2**
Sale of asset	-	-	-	-
Additions*	61.8	0.9	0.1	62.8
Revaluation abandonment assets	-	(102.8)	-	(102.8)
Currency translation adjustment	-	0.2	0.1	0.3
Acquisition costs 31.12.22	**1,050.9**	**1,252.5**	**3.1**	**2,306.4**
Accumulated depreciation, amortization and write-downs 30.09.22	**-**	**(363.3)**	**(1.6)**	**(364.9)**
Depreciation / amortization	-	(29.5)	(0.1)	(29.6)
Currency translation adjustment	-	(0.0)	(0.0)	(0.1)
Accumulated depreciation, amortization and write-downs 31.12.22	**-**	**(392.9)**	**(1.7)**	**(394.6)**
Book value 31.12.22	**1,050.9**	**859.6**	**1.4**	**1,911.9**

* Includes reclassifications from capex to opex.

8 Impairment

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

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

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

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

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

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

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

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

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

EXCHANGE RATES
The exchange rate from US Dollar to Danish Kroner is a blended rate of 7.02 throughout the forecast period. The applied blended rate is taken as 75% of the market rate at 6.87 and 25% of the Operator’s Budget Book rate at 7.46. The US Dollar to Euro exchange rate is 0.92 throughout the forecast period. The US Dollar to Euro rate has been pegged to a Euro to Danish Kroner rate of 7.44, sensitivity analysis based on exchange rates will maintain the Euro to Danish Kroner exchange rate.

Inflation
The long-term inflation rate is assumed to be 2.0 percent.

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

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

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

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

9 Non-Current Receivables, Trade Receivables and Other Current Assets

USD million	31.12.2022	30.09.2022	31.12.2021
Non-current assets			
Loan	0.2	-	-
Convertible loan	0.6	-	-
Total non-current receivables	**0.8**	**-**	**-**
Current assets			
Trade receivables	42.1	0.9	40.4
Accrued revenue	52.3	76.6	47.1
Under-lift of oil/NGL	8.9	-	1.2
Prepayments	24.2	14.9	20.1
Other receivables	1.1	1.1	0.2
Total trade receivables and other current receivables	**128.6**	**93.5**	**108.9**

10 Inventories

USD million	31.12.2022	30.09.2022	31.12.2021
Product inventory, oil	21.6	22.9	17.7
Other stock (spares & consumables)	34.3	34.4	33.8
Total inventories	**55.9**	**57.3**	**51.4**

11 Restricted Cash, Bank Deposits, Cash and Cash Equivalents

USD million	31.12.2022	30.09.2022	31.12.2021
Non-current assets			
Restricted cash pledged as security for abandonment obligation related to Nini/Cecilie	61.1	55.8	65.0
Restricted cash pledged as security for cash call obligations towards Total [1)]	142.5	141.3	140.5
Total non-current restricted cash	**203.7**	**197.1**	**205.5**
Current assets			
Unrestricted cash, bank deposits, cash equivalents	268.4	273.2	122.7
Total bank deposits	**472.1**	**470.3**	**328.1**

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 Energies 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.

12 Borrowings

USD million	31.12.2022 Principal amount	31.12.2022 Book value	30.09.2022 Principal amount	30.09.2022 Book value	31.12.2021 Principal amount	31.12.2021 Book value
NOR 13 Convertible Bond [1)]	13.8	13.1	165.2	149.1	185.0	157.1
NOR 15 Convertible Bond [2)]	207.6	175.7	-	-	-	-
NOR 14 Senior Unsecured Bond [3)]	175.0	166.9	175.0	170.3	175.0	164.9
Total non-current bonds	**396.5**	**355.6**	**340.2**	**319.4**	**360.0**	**322.1**
Reserve Based Lending Facility [4)]	800.0	764.0	800.0	762.4	900.0	857.3
Deferred Consideration [5)]	-	-	-	-	25.0	25.0
Total non-current debt	**800.0**	**764.0**	**800.0**	**762.4**	**925.0**	**882.3**
Deferred Consideration [5)]	25.0	25.0	25.0	25.0	-	-
Total current debt	**25.0**	**25.0**	**25.0**	**25.0**	**-**	**-**
Total borrowings	**1,221.5**	**1,144.6**	**1,165.2**	**1,106.8**	**1,285.0**	**1,204.3**

Note: book values reported on the basis of amortised cost for NOR14, the reserve-based lending facility and the convertible bond loan element of NOR13 and NOR15.

1) The Company issued a convertible bond loan of USD 158 million in 2019 where the lender was granted a right to convert the loan into new shares in the Company by way of set-off against the claim on the Company. The loan carries an interest of 8% p.a. on a PIK basis, with an alternative option to pay cash interest at 6% p.a., payable semi-annually. In December 2022, the majority of the remaining convertible loan was transferred into the new convertible instrument, NOR15. Of the remaining USD 13.8 million outstanding on 31 December 2022, USD 13.6 million was converted into equity by 13 January. The remaining balance of USD 0.2 million was subject to the NOR13 amendments as proposed by the Company in November 2022 on 19 January 2023.

2) The Company issued a convertible bond loan of USD 207.6 million in December 2022, made up of a transfer from NOR13 of USD 151.4 million plus additional compensation bonds of USD 56.2 million. Similarly, to NOR13, the lender was granted a right to convert the loan into new shares in the Company by way of set-off against the claim on the Company. The loan carries an interest of 8% p.a. on a PIK basis, with an alternative option to pay cash interest at 6% p.a., payable semi-annually.

3) 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).

4) The Company entered into an increased Reserve Based Lending Facility in Q2 2021. The facility has a seven-year tenor with a maximum limit of USD 1.1 billion, with a maximum of USD 1.0 billion available for cash drawdown by the Company. Interest is accrued on the drawn amount with an interest rate comprising the aggregate of SOFR and 4% per annum, 4.5% per annum from February 2023. The amount drawn on 30 September was USD 800 million, Noreco made a USD 100 million repayment in July 2022. No capital drawings or repayments in Q4 2022.

5) In accordance with the SPA with Shell USD 25 million of the consideration is due in March 2023.

Interest payments (USD million)

Year	NOR13*	NOR15*	NOR14	Reserve Based Lending Facility	Deferred consideration	Total
Interest rate			**9,0%**	**SOFR****	**4,0%**	
2022	-	-	15.8	48.2	1.0	65.0
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
Total	**-**	**-**	**70.9**	**271.6**	**2.0**	**344.5**

* NOR13 / NOR15 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.

13 Trade Payables and Other Current Liabilities

USD million	31.12.2022	30.09.2022	31.12.2021
Trade payable	17.0	4.5	5.4
Liabilities to operators relating to joint venture licences	66.8	59.2	73.4
Over-lift of oil/NGL	-	10.5	-
Accrued interest	3.3	2.8	2.5
Salary accruals	2.5	1.3	2.1
Public duties payable	8.3	18.8	14.0
Deferred consideration	25.0	25.0	-
Other current liabilities	17.7	23.0	33.1
Total trade payables and other current liabilities	**140.6**	**145.2**	**130.5**

14

Financial Instruments
14.1 Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.
The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 Inputs for the asset or liability that are not based on observable market data.

On 31.12.2022

USD million	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
– Derivative instruments interest swap	-	11.1	-	11.1
Financial assets at fair value hedging instruments				
– Derivative instruments interest swap	-	44.6	-	44.6
– Derivative instruments price hedge	-	108.9	-	108.9
Total assets	**-**	**164.6**	**-**	**164.6**
Liabilities				
Financial liabilities at fair value through profit or loss				
– Embedded derivatives convertible bond NOR13	-	-	10.0	10.0
– Embedded derivatives convertible bond NOR15	-	-	38.9	38.9
Financial liabilities at fair value hedging instruments				
– Derivative instruments price hedge	-	166.8	-	166.8
Total liabilities	**-**	**166.8**	**48.9**	**215.7**

On 30.09.2022

USD million	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
– Derivative instruments interest swap	-	12.0	-	12.0
Financial assets at fair value hedging instruments				
– Derivative instruments interest swap	-	48.1	-	48.1
– Derivative instruments price hedge	-	35.5	-	35.5
Total assets	**-**	**95.6**	**-**	**95.6**
Liabilities				
Financial liabilities at fair value through profit or loss				
– Embedded derivatives convertible bond NOR13	-	-	103.0	103.0
Financial liabilities at fair value hedging instruments				
– Derivative instruments price hedge	-	207.5	-	207.5
Total liabilities	**-**	**207.5**	**103.0**	**310.5**

On 31.12.2021 USD million	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
– Derivative instruments interest swap	-	1.0	-	1.0
Financial assets at fair value hedging instruments				
– Derivative instruments interest swap	-	8.8	-	8.8
Total assets	**-**	**9.7**	**-**	**9.7**
Liabilities				
Financial liabilities at fair value through profit or loss				
– Embedded derivatives convertible bond NOR13	-	-	12.1	12.1
Financial liabilities at fair value hedging instruments				
– Derivative instruments price hedge	-	205.1	-	205.1
Total liabilities	**-**	**205.1**	**12.1**	**217.2**

14.2 Financial Instruments by Category

On 31.12.2022 USD million	Financial assets at amortised cost	Assets at fair value through profit or loss	Fair value - hedging instruments	Total
Assets				
Loan	0.2	-	-	0.2
Convertible loan	0.6	-	-	0.6
Derivative instruments interest swap	-	-	55.7	55.7
Derivative instruments price hedge	-	-	108.9	108.9
Trade receivables and other current assets	128.6	-	-	128.6
Restricted cash	203.7	-	-	203.7
Bank deposits, cash and cash equivalents	268.4	-	-	268.4
Total	**600.7**	**-**	**164.6**	**765.3**

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

On 30.09.2022 USD million	Financial assets at amortised cost	Assets at fair value through profit or loss	Fair value - hedging instruments	Total
Assets				
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
Total	**563.9**	**-**	**95.6**	**659.5**

USD million	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Fair value - hedging instruments	Total
Liabilities				
Derivative instruments price hedge	-	-	207.5	207.5
Embedded derivative convertible bond NOR13	-	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
Total	**1,227.0**	**103.0**	**207.5**	**1,537.5**

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

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

14.3 Financial Instruments — Fair Values

Set out below is a comparison of the carrying amounts and fair value of financial instruments as on 31-Dec-22:

USD million	Total amount outstanding*	Carrying Amount	Fair Value
Financial assets			
Loan		0.2	0.2
Convertible loan		0.6	0.6
Derivative instruments interest swap		55.7	55.7
Derivative instruments price hedge		108.9	108.9
Trade receivables and other current assets		128.6	128.6
Restricted cash		203.7	203.7
Bank deposits, cash, cash equivalents and quoted shares		268.4	268.4
Total		**766.1**	**766.1**

USD million	Total amount outstanding*	Carrying Amount	Fair Value
Financial liabilities			
Derivative instruments price hedge		166.8	166.8
Embedded derivative convertible bond Nor13		10.0	10.0
Embedded derivative convertible bond Nor15		38.9	38.9
Convertible bond loans	221.5	188.7	211.5
Senior unsecured bond loan	175.0	166.9	175.0
Reserve based lending facility	800.0	764.0	800.0
Deferred consideration		25.0	25.0
Trade payables and other current liabilities		115.6	115.6
Total	**1,196.5**	**1,476.0**	**1,542.8**

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

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

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

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

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

NOR15		2022
Valuation date	(date)	31 December 22
Agreement execution date	(date)	30 Dec 22
Par value of bonds	(USD)	207,641,201
Reference share price at time of agreement	(NOK)	395
Fair value at grant date	(USD)	38,928,552
PIK interest rate	(%)	8.00%
Expected life	(years)	3.0
Number of options	(#)	4,037,301
Conversion price	(NOK)	537
Fixed FX rate of agreement	(USD:NOK)	10.440
Risk-free rate (based on government bonds)	(%)	3.18%
Expected volatility	(%)	48.31%
Model used		Black - Scholes - Merton

The RBL facility is measured at amortised cost. In addition a total of USD 53 million in transaction cost has been capitalized. Transaction costs are deducted from the amount initially recognised and are expensed over the period during which the debt is outstanding under the effective interest method. No changes to the capital outstanding were made in Q4 2022.

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.

14.4 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 Q4 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.

	Maturity					
As of 31 December 2022	**Less than 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**More than 12 months**
Commodity forward sales contracts:						
Notional quantity (in mboe)	-	1,448	1,350	990	937	3,391
Notional amount (in USD million)	-	134	104	88	76	246
Average hedged sales price (in USD per boe)	-	92	77	89	81	72

Hedge Reserve Movement

The table below shows the movement in the hedge reserve from changes in the cash flow hedges

USD Million	Hedge Reserve
Balance as of 01.01.2022	**(67.5)**
Realized cash flow hedge	226.4
Related tax - realized cash flow hedge	(144.9)
Changes in fair value	(152.7)
Related tax - changes in fair value	114.3
Balance as of 30.09.2022	**(24.4)**
Realized cash flow hedge	15.9
Related tax - realized cash flow hedge	(10.1)
Changes in fair value	94.8
Related tax - changes in fair value	(62.2)
Balance as of 31.12.2022	**13.9**

15 Asset Retirement Obligations

USD million	Q4 2022	Q1-Q3 2022	31.12.2021
Provisions as of beginning of period	1,044.4	1,029.2	950.3
Provisions and change of estimates made during the period	(97.5)	(9.4)	64.9
Accretion expense - present value calculation	12.0	36.1	35.2
Incurred cost removal	(3.3)	(11.2)	(21.0)
Currency translation adjustment	0.2	(0.3)	(0.2)
Total provisions made for asset retirement obligations	**955.8**	**1,044.4**	**1,029.2**
Break down of short-term and long-term asset retirement obligations			
Short-term	9.8	20.1	26.2
Long-term	946.1	1,024.3	1,003.0
Total provisions for asset retirement obligations	**955.8**	**1,044.4**	**1,029.2**

The balance as per 31.12.2022 is USD 890.8 million for DUC, USD 61.1 million for Nini/Cecilie, USD 2.3 million for Lulita (non-DUC share) and USD 1.6 million for Tyra F-3 pipeline.

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

16 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, registered	-	(24.0)
Number of shares and share capital as of 31.12.2022	**25,708,424**	**6.9**

	No. of Shares	Treasury share reserve*
Treasury shares as of 31.12.2021	(438,161)	(0.5)
Sale of treasury shares	300,999	0.3
Treasury shares as of 31.12.2022	**(137,162)**	**(0.1)**

* In USD million

17 Subsequent Events

As of 13 January 2023, USD 13.6 million of NOR13 was transferred into equity. The remaining balance of USD 0.2 million was subject to the NOR13 amendments as proposed by the Company in November 2022 on 19 January 2023.

The company has not identified any other 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 cost from share-base payment arrangements and Non-payment insurance

Adjusted EBITDA

USD million	Q4 2022	Q3 2022	Q4 2021	2022	2021
EBITDA	**139.8**	**197.6**	**97.0**	**611.2**	**249.5**
Non-payment insurance	1.2	1.2	1.8	4.7	7.2
Share-base payment	0.4	0.2	(0.7)	0.6	0.3
Adj. EBITDA	**141.3**	**199.0**	**98.0**	**616.5**	**257.1**

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	31.12.2022	30.09.2022	31.12.2021
Convertible bond loans	(188.7)	(149.1)	(157.1)
Senior Unsecured bond loan	(166.9)	(170.3)	(164.9)
Reserve based lending facility	(764.0)	(762.3)	(857.3)
Other interest-bearing debt	(25.0)	(25.0)	(25.0)
Interest-bearing debt	**(1,144.6)**	**(1,106.7)**	**(1,204.3)**

Net Interest-bearing debt

USD million	31.12.2022	30.09.2022	31.12.2021
Cash and cash equivalents	268.4	273.1	122.6
Convertible bond loans	(221.5)	(165.2)	(185.0)
Senior Unsecured bond loan	(175.0)	(175.0)	(175.0)
Reserve based lending facility	(800.0)	(800.0)	(900.0)
Other interest-bearing debt	(25.0)	(25.0)	(25.0)
Net interest-bearing debt	**(953.1)**	**(892.1)**	**(1,162.4)**

Information About Noreco

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Internet	www.noreco.com
Organisation number	NO 987 989 297 MVA

Financial Calendar 2023

15 February	Q4 2022 Report
25 April	Annual General Meeting
10 May	Q1 2023 Report
12 July	Q2 2023 Report
18 October	Q3 2023 Report

Board of Directors

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

Management

Euan Shirlaw	Chief Executive Officer
Marianne Eide	Chief Operating Officer
Cathrine Torgersen	EVP, Investor Relations & ESG
Jacqueline Lindmark Boye	EVP, Finance

Investor Relations

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Annual Reports

Annual reports for Noreco are available on www.noreco.com

Quarterly publications

Quarterly reports and supplementary information for investors and analysts are available on www.noreco.com. The publications can be ordered by e-mailing investorrelations@noreco.com.

News Releases

In order to receive news releases from Noreco, please register on www.noreco.com or e-mail investorrelations@noreco.com.